Third Quarter Report

Period Ended

September 30, 2017

Management's Discussion and Analysis and
Unaudited Consolidated Financial Statements

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Management's Discussion and Analysis

This management's discussion and analysis is designed to provide you with a narrative explanation through the eyes of our management of our financial condition and results of operations. We recommend that you read this in conjunction with our consolidated interim financial statements for the three and nine months ended September 30, 2017, our 2016 annual consolidated financial statements and our 2016 annual management's discussion and analysis. You can find those documents in the Investor Relations section of our website, www.thomsonreuters.com, the Canadian Securities Administrators' SEDAR website, www.sedar.com, or in the EDGAR section of the U.S. Securities and Exchange Commission's website, www.sec.gov.

This management's discussion and analysis contains forward-looking statements, which are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. Forward-looking statements include, but are not limited to, our 2017 outlook and our expectations related to general economic conditions and market trends and their anticipated effects on our business segments. For additional information related to forward-looking statements and material risks associated with them, please see the "Outlook" and "Additional Information – Cautionary Note Concerning Factors That May Affect Future Results" sections of this management's discussion and analysis. This management's discussion and analysis is dated as of October 31, 2017.

We have organized our management's discussion and analysis in the following key sections:

Unless otherwise indicated or the context otherwise requires, references in this discussion to "we," "our," "us" and "Thomson Reuters" are to Thomson Reuters Corporation and our subsidiaries.

Basis of presentation

We prepare our consolidated financial statements in U.S. dollars in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). In this management's discussion and analysis, we discuss our results from continuing operations on both an IFRS and non-IFRS basis. Both bases exclude the results of our former Intellectual Property & Science business, which was reported as a discontinued operation through the date of its sale in October 2016, and include the results of acquired businesses from the date of purchase.

Use of non-IFRS financial measures

We use non-IFRS measures as supplemental indicators of our operating performance and financial position as well as for internal planning purposes and our 2017 business outlook. We believe non-IFRS financial measures provide more insight into our performance. Non-IFRS measures do not have standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies, and should not be viewed as alternatives to measures of financial performance calculated in accordance with IFRS.

Our non-IFRS financial measures include:

- Adjusted EBITDA and the related margin;
- Adjusted EBITDA less capital expenditures and the related margin;
- Adjusted earnings and adjusted earnings per share (EPS);
- Net debt; and
- Free cash flow.

We also report changes in our revenues, operating expenses, adjusted EBITDA and related margin, and adjusted EPS *before the impact of foreign currency* or at *"constant currency"*. These measures remove distortion from the effects of foreign currency movements in order to provide better comparability of our business trends from period to period.

See Appendix A of this management's discussion and analysis for a description of our non-IFRS financial measures, including an explanation of why we believe they are useful measures of our performance, including our ability to generate cash flow. Refer to Appendix B and the "Results of Operations-Continuing Operations" and "Liquidity and Capital Resources" sections of this management's discussion and analysis for reconciliations of our non-IFRS financial measures to the most directly comparable IFRS measures.

Glossary of key terms

We use the following terms in this management's discussion and analysis.

Term	Definition
bp	Basis points – one basis point is equal to 1/100th of 1%; "100 bp" is equivalent to 1%
Constant currency	A measure derived by applying the same foreign currency exchange rates to the current and equivalent prior-year period
n/a	Not applicable
n/m	Not meaningful
Net sales	New sales less cancellations
Organic or organically	Our existing businesses
$ and US$	U.S. dollars

Executive Summary

Our company

We are a leading source of news and information for professional markets. Our customers rely on us to deliver the intelligence, technology and expertise they need to find trusted answers. We have operated in more than 100 countries for more than 100 years.

We live at a time when the amount of data is overwhelming, the regulatory environment is complex, markets move at breakneck speed and connectivity is expanding around the world. Our customers count on the accuracy of our information, the reliability of our systems and the relevance of our insights to help them navigate the changing worlds of commerce and regulation. We believe our workflow solutions make our customers more productive, by streamlining how they operate. Reuters is renowned for the integrity of its news. The principles of freedom from bias and access to information govern everything that we do.

We derive the majority of our revenues from selling solutions to our customers, primarily electronically and on a subscription basis. Many of our customers utilize our solutions as part of their workflows. We believe this is a significant competitive advantage as it has led to strong customer retention. Over the years, our business model has proven to be capital efficient and cash flow generative, and it has enabled us to maintain leading and scalable positions in our chosen market segments.

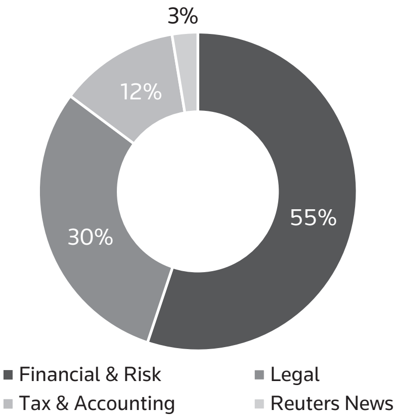
We are organized in three business units supported by a corporate center:

Financial & Risk
A provider of critical news, information and analytics, enabling transactions and connecting communities of trading, investment, financial and corporate professionals. Financial & Risk also provides regulatory and operational risk management solutions.

Legal
A provider of critical online and print information, decision tools, software and services that support legal, investigation, business and government professionals around the world.

Tax & Accounting
A provider of integrated tax compliance and accounting information, software and services for professionals in accounting firms, corporations, law firms and government.

Third-Quarter 2017 Revenues



We also operate:

- Reuters, a leading provider of real-time, high-impact, multimedia news and information services to newspapers, television and cable networks, radio stations and websites around the globe.
- A Global Growth Organization (GGO) that works across our business units to combine our global capabilities and to expand our local presence and development in countries and regions where we believe the greatest growth opportunities exist. GGO supports our businesses in: Latin America, China, India, the Middle East, Africa, the Association of Southeast Asian Nations, North Asia, Russia and countries comprising the Commonwealth of Independent States and Turkey. We include the results of GGO within our business units.
- An Enterprise Technology & Operations group that drives the transformation of our company into a more integrated enterprise by unifying infrastructure across our organization, including technology platforms, data centers, real estate, products and services.

Seasonality

On a consolidated basis, our revenues and operating profit do not tend to be significantly impacted by seasonality as we record a large portion of our revenues ratably over a contract term and our costs are generally incurred evenly throughout the year. However, our performance from quarter to consecutive quarter can be impacted by transactions revenues as well as by the release of certain print-based offerings, which tend to be concentrated at the end of the year. As a consequence, the results of certain of our segments can be impacted by seasonality to a greater extent than our consolidated results.

Key Financial Highlights

Below are financial highlights from our third-quarter 2017 results.

	Three months ended September 30,			
			Change	
(millions of U.S. dollars, except per share amounts and margins)	2017	2016	Total	Constant Currency
IFRS Financial Measures				
Revenues	**2,792**	2,744	2%	
Operating profit	**467**	385	21%	
Diluted EPS (includes discontinued operations)	**$0.46**	$0.36	28%	
Cash flow from operations (includes discontinued operations)	**808**	758	7%	
Non-IFRS Financial Measures(1)				
Revenues	**2,792**	2,744	2%	1%
Adjusted EBITDA	**849**	814	4%	4%
Adjusted EBITDA margin	**30.4%**	29.7%	70bp	70bp
Adjusted EPS	**$0.68**	$0.54	26%	24%
Free cash flow (includes discontinued operations)	**531**	519	2%	

(1) Refer to Appendix A of this management's discussion and analysis for additional information on non-IFRS financial measures.

Our third quarter results demonstrated that our simplification initiatives continue to deliver significant cost savings across our business. Revenue growth and sales performance, however, were lower than expected. The following summarizes our progress on our key financial priorities:

Accelerate Organic Revenue Growth

Revenues increased 2% in total. Revenues increased 1% in constant currency, all of which was organic, driven by our Legal and Tax & Accounting businesses. In Financial & Risk, organic revenues were essentially unchanged and net sales were positive. However, both of these measures were below our expectations. Recurring revenue growth was negatively impacted by weaker than expected net sales and longer lead times to convert sales to revenues. We plan to continue investing in our growth businesses as well as in key product improvements and customer service.

Continue to Drive Productivity Gains

We continued to control our operating expenses through our various simplification initiatives. In combination with higher revenue, this led to higher operating profit, adjusted EBITDA and adjusted EBITDA margin. While operating expenses were slightly higher in total, they were essentially unchanged in constant currency, as the benefits of our simplification initiatives offset investments in customer experience and real estate consolidation. Adjusted EBITDA increased 4% and the related margin increased 70bp to 30.4%, representing the third consecutive quarter that our adjusted EBITDA margin has been above 30%. We believe that cost savings from our simplification initiatives will enable us to increase investments in our growth initiatives, as well as achieve our 2017 full-year adjusted EBITDA margin and adjusted EPS outlook.

Deliver on Our Financial Objectives

Diluted EPS and adjusted EPS each increased over 25%, reflecting positive business performance, as well as lower interest and income tax expense and benefits from our share buyback program. We generated strong cash flow from operations and free cash flow, returning $467 million to shareholders through share repurchases and dividends.

We provide a detailed discussion of our financial performance in the "Results of Operations" section of this management's discussion and analysis. We discuss share repurchases and dividends in the "Liquidity and Capital Resources" section of this management's discussion and analysis.

2017 Outlook:

We currently expect the following for our full-year 2017 business outlook:

- Low single digit revenue growth;
- Adjusted EBITDA margin between 29.3% and 30.3%;
- Adjusted EPS between $2.40 and $2.45 (now forecast to be at the top of this range); and
- Free cash flow between $0.9 billion and $1.2 billion.

Our 2017 outlook is unchanged from that communicated as part of our second quarter report, except for our current expectations related to adjusted EPS performance relative to the forecasted range. Our 2017 outlook assumes constant currency rates relative to 2016 and does not factor in the impact of any acquisitions or divestitures that may occur during the year.

For additional information regarding the material assumptions and material risks associated with our 2017 Outlook, refer to the "Outlook" section of this management's discussion and analysis. The information in this section is forward-looking and should also be read in conjunction with the part of the "Additional Information" section of this management's discussion and analysis entitled "Cautionary Note Concerning Factors That May Affect Future Results".

Results of Operations – Continuing Operations

Consolidated results

	Three months ended September 30,				Nine months ended September 30,			
			Change				Change	
(millions of U.S. dollars, except per share amounts and margins)	**2017**	2016	Total	Constant Currency	**2017**	2016	Total	Constant Currency
IFRS Financial Measures								
Revenues	**2,792**	2,744	2%		**8,389**	8,306	1%	
Operating profit	**467**	385	21%		**1,310**	1,096	20%	
Diluted EPS from continuing operations	**$0.46**	$0.34	35%		**$1.13**	$0.99	14%	
Non-IFRS Financial Measures(1)								
Revenues	**2,792**	2,744	2%	1%	**8,389**	8,306	1%	2%
Adjusted EBITDA	**849**	814	4%	4%	**2,563**	2,319	11%	10%
Adjusted EBITDA margin	**30.4%**	29.7%	70bp	70bp	**30.6%**	27.9%	270bp	240bp
Adjusted EBITDA less capital expenditures	**593**	601	(1%)		**1,853**	1,661	12%	
Adjusted EBITDA less capital expenditures margin	**21.2%**	21.9%	(70)bp		**22.1%**	20.0%	210bp	
Adjusted EPS	**$0.68**	$0.54	26%	24%	**$1.91**	$1.47	30%	29%

(1) See Appendix B of this management's discussion and analysis for a reconciliation of earnings from continuing operations to adjusted EBITDA and adjusted EBITDA less capital expenditures.

Foreign currency effects

The following table sets forth the average foreign exchange rates of the significant foreign currencies that we transact in:

	Three months ended September 30,			Nine months ended September 30,		
(U.S. dollars per unit, except where noted)	**2017**	2016	(Strengthened)/ Weakened	**2017**	2016	(Strengthened)/ Weakened
British pound sterling	**1.309**	1.313	(0.3%)	**1.276**	1.393	(8.4%)
Euro	**1.175**	1.116	5.3%	**1.114**	1.116	(0.2%)
Japanese yen (100)	**0.901**	0.977	(7.8%)	**0.894**	0.924	(3.2%)
Canadian dollar	**0.798**	0.767	4.1%	**0.766**	0.757	1.2%

Given our currency mix of revenues and expenses around the world, fluctuations in foreign exchange rates had a positive impact on our revenues and adjusted EPS, but had no impact on adjusted EBITDA growth or adjusted EBITDA margin in the third quarter compared to the prior-year period. In the nine-month period, currency fluctuations had a negative impact on our revenues, but a positive impact on our adjusted EBITDA growth, adjusted EBITDA margin and adjusted EPS compared to the prior-year period.

Revenues

Revenues increased 2% in the third quarter and 1% in the nine-month period. In constant currency, third quarter revenues increased 1%, all from organic growth. On the same basis, revenues increased 2% in the nine-month period comprised of 1% organic growth and a 1% contribution from acquisitions. Our organic growth reflected increases in recurring revenues.

GGO revenues comprised approximately 9% and 8% of our 2017 revenues in the third quarter and nine-month period, respectively. On a constant currency basis, GGO revenues increased 1% in the third quarter and were essentially unchanged in the nine-month period.

Operating profit, adjusted EBITDA and adjusted EBITDA less capital expenditures

Operating profit increased in the third quarter as higher revenues and a gain on the sale of a portion of an investment were partly offset by the negative impact of fair value adjustments associated with foreign currency derivatives embedded in certain customer contracts. The increase in the nine-month period reflected the same factors as the third quarter, as well as benefits from lower operating expenses.

Adjusted EBITDA and the related margin increased in both periods in total and in constant currency. In the third quarter, the increases were driven by higher revenues, which were partly offset by higher operating expenses. The increases in the nine-month period were driven by higher revenues and lower operating expenses.

Adjusted EBITDA less capital expenditures and the related margin decreased in the third quarter as higher capital expenditures more than offset higher adjusted EBITDA. The increases in the nine-month period were driven by higher adjusted EBITDA, which more than offset the increase in capital expenditures.

We expect to increase investments to improve customer experience in the fourth quarter, which we believe will lead to slightly lower adjusted EBITDA margin during that period, and slightly higher capital expenditures for the full year compared to 2016.

Operating expenses

	Three months ended September 30,				Nine months ended September 30,			
			Change				Change	
(millions of U.S. dollars)	**2017**	2016	Total	Constant Currency	**2017**	2016	Total	Constant Currency
Operating expenses	**1,996**	1,964	2%	-	**5,997**	6,064	(1%)	(2%)
Remove fair value adjustments(1)	**(53)**	(34)			**(171)**	(77)		
Operating expenses, excluding fair value adjustments	**1,943**	1,930	1%	-	**5,826**	5,987	(3%)	(2%)

(1) Fair value adjustments primarily represent mark-to-market impacts on embedded derivatives. In 2016, fair value adjustments also included the mark-to-market impacts on certain share-based awards. Please refer to the "Changes in Accounting Policies" section of this management's discussion and analysis for additional information on our adoption of IFRS 2 amendments.

Operating expenses increased in the third quarter due to foreign currency, which included higher expense from unfavorable fair value adjustments associated with foreign currency derivatives embedded in certain customer contracts. On a constant currency basis, operating expenses were essentially unchanged as lower expenses from our ongoing simplification initiatives offset investments to consolidate real estate and improve customer experience. In the nine-month period, operating expenses decreased in total and on a constant currency basis, as lower expenses from our ongoing simplification initiatives more than offset the investments. Excluding fair value adjustments, operating expenses increased in the third quarter in total due to foreign currency, but decreased in the nine-month period, in total and on a constant currency basis.

Depreciation and amortization

	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars)	**2017**	2016	Change	**2017**	2016	Change
Depreciation	**73**	78	(6%)	**222**	239	(7%)
Amortization of computer software	**171**	177	(3%)	**519**	518	-
Subtotal	**244**	255	(4%)	**741**	757	(2%)
Amortization of other identifiable intangible assets	**115**	128	(10%)	**354**	388	(9%)

- Depreciation and amortization of computer software on a combined basis decreased in both periods, as expense related to new capital spending was more than offset by fully expensed assets acquired or developed in previous years.

- Amortization of other identifiable intangible assets decreased in both periods as amortization of newly-acquired assets was more than offset by fully amortized identifiable intangible assets acquired in previous years. The decrease in the nine-month period also reflected the impact of foreign currency.

Other operating gains (losses), net

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
Other operating gains (losses), net	**30**	(12)	**13**	(1)

In 2017, other operating gains (losses) in both periods included a gain from the sale of a portion of an investment.

Net interest expense

	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars)	**2017**	2016	Change	**2017**	2016	Change
Net interest expense	**84**	108	(22%)	**272**	304	(11%)

Net interest expense decreased in both periods due to lower interest from commercial paper borrowings and lower net pension obligations, the latter reflecting a $500 million contribution to our U.S. defined benefit pension plan in January 2017, as well as lower interest on certain tax liabilities. As substantially all of our long-term debt obligations paid interest at fixed rates (after swaps), the net interest expense on our term debt was essentially unchanged.

Other finance costs

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
Other finance costs	**58**	3	**176**	28

Other finance costs included gains or losses related to changes in foreign exchange contracts and the impact of fluctuations of foreign currency exchange rates on certain intercompany funding arrangements.

Tax (benefit) expense

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
Tax (benefit) expense	**(22)**	8	**(8)**	(16)

The tax (benefit) expense in each period reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the geographical mix of pre-tax profits and losses in interim periods may be different from that for the full year, tax expense or benefit in interim periods is not necessarily indicative of tax expense for the full year. The third quarter and nine-month period of 2017 were favorably impacted by the reversal of tax reserves in connection with favorable developments regarding tax disputes.

Additionally, the comparability of our tax (benefit) expense was impacted by various transactions and accounting adjustments during each period. The following table sets forth certain components within income tax (benefit) expense that impact comparability from period to period, including tax (benefit) expense associated with items that are removed from adjusted earnings:

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
Tax expense (benefit)				
Tax items impacting comparability:				
Corporate tax rates[1]	**5**	3	**6**	5
Other tax adjustments[2]	**(10)**	4	**(9)**	8
Subtotal	**(5)**	7	**(3)**	13
Tax related to:				
Fair value adjustments	**(1)**	(10)	**(17)**	(33)
Amortization of other identifiable intangible assets	**(31)**	(32)	**(95)**	(98)
Other items	**13**	(4)	**4**	(7)
Subtotal	**(19)**	(46)	**(108)**	(138)
Total	**(24)**	(39)	**(111)**	(125)

(1) Relates to the net changes in deferred tax liabilities due to changes in U.S. state apportionment factors and changes in corporate tax rates that were substantively enacted in certain jurisdictions.

(2) Relates primarily to changes in the recognition of deferred tax assets in various jurisdictions due to earlier acquisitions, assumptions regarding future profitability, and adjustments for indefinite-lived assets and liabilities that are not expected to reverse.

Because the items described above impact the comparability of our tax (benefit) expense for each period, we remove them from our calculation of adjusted earnings, along with the pre-tax items to which they relate.

The computation of our adjusted tax expense is set forth below:

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
Tax (benefit) expense	**(22)**	8	**(8)**	(16)
Remove: Items from above impacting comparability	**24**	39	**111**	125
Other adjustment:				
Interim period effective tax rate normalization[1]	**13**	(13)	**15**	-
Total tax expense on adjusted earnings	**15**	34	**118**	109

(1) Adjustment to reflect income taxes based on estimated full-year effective tax rate, including normalization of benefits from favorable developments in regard to tax disputes. Earnings or losses for interim periods under IFRS generally reflect income taxes based on the estimated effective tax rates of each of the jurisdictions in which we operate. The non-IFRS adjustment reallocates estimated full-year income taxes between interim periods, but has no effect on full-year income taxes.

Earnings and diluted EPS from continuing operations

	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars, except per share amounts)	**2017**	2016	Change	**2017**	2016	Change
Earnings from continuing operations	**349**	268	30%	**867**	782	11%
Diluted EPS from continuing operations	**$0.46**	$0.34	35%	**$1.13**	$0.99	14%

Earnings from continuing operations and the related per share amounts increased in both periods as higher operating profit and lower interest expense more than offset the negative impact of foreign currency related to fair value adjustments on financing costs. The third quarter also reflected lower income tax expense. Additionally, diluted EPS in both periods benefited from lower outstanding common shares due to share repurchases (see the "Liquidity and Capital Resources – Share Repurchases" section of this management's discussion and analysis for additional information).

Adjusted earnings and adjusted EPS

	Three months ended September 30,				Nine months ended September 30,			
			Change				Change	
(millions of U.S. dollars, except per share amounts and share data)	**2017**	2016	Total	Constant Currency	**2017**	2016	Total	Constant Currency
Earnings attributable to common shareholders	**330**	273	21%		**819**	872	(6%)	
Adjustments to remove:								
Fair value adjustments	**53**	34			**171**	77		
Amortization of other identifiable intangible assets	**115**	128			**354**	388		
Other operating (gains) losses, net	**(30)**	12			**(13)**	1		
Other finance costs	**58**	3			**176**	28		
Share of post-tax (earnings) losses in equity method investments	**(2)**	(2)			**3**	(2)		
Tax on above items(1)	**(19)**	(46)			**(108)**	(138)		
Tax items impacting comparability(1)	**(5)**	7			**(3)**	13		
Losses (earnings) from discontinued operations, net of tax	**1**	(18)			**(1)**	(126)		
Interim period effective tax rate normalization(1)	**(13)**	13			**(15)**	-		
Dividends declared on preference shares	**(1)**	(1)			**(2)**	(2)		
Adjusted earnings	**487**	403	21%		**1,381**	1,111	24%	
Adjusted EPS	**$0.68**	$0.54	26%	24%	**$1.91**	$1.47	30%	29%
Diluted weighted-average common shares (millions)	**716.9**	745.8			**722.5**	753.9		

(1) See the "Tax (benefit) expense" section above for additional information.

Adjusted earnings and the related per share amount increased in both periods primarily due to higher adjusted EBITDA, as well as lower interest and tax expense. In both periods, adjusted earnings and adjusted EPS included a positive impact from foreign currency of $0.01 per share. Additionally, adjusted EPS in both periods benefited from lower outstanding common shares due to share repurchases.

Segment results

The following is a discussion of our three reportable segments for the three and nine months ended September 30, 2017: Financial & Risk, Legal and Tax & Accounting. We also report "Corporate & Other", which includes expenses for corporate functions and the results of the Reuters News business. We discuss the results of our former Intellectual Property & Science business within the "Results of Operations – Results of Discontinued Operations" section of this management's discussion and analysis.

In 2017, management changed the profitability measure that it uses to assess the performance of its reportable segments from segment operating profit, which it no longer uses, to adjusted EBITDA. These profitability measures are the same, except that adjusted EBITDA excludes depreciation of fixed assets and amortization of computer software. Management uses a number of measures to assess the performance of its segments internally. Adjusted EBITDA is reported externally, as it represents the internal profitability measure most closely aligned with the measurement of the consolidated income statement.

We present segment revenue growth at both actual foreign exchange rates and in constant currency. We assess revenue performance for each reportable segment, as well as the businesses within each segment, before the impact of currency (or at "constant currency").

Financial & Risk

	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars, except margins)	**2017**	2016	Change	**2017**	2016	Change
Revenues	**1,542**	1,516	2%	**4,561**	4,549	-
Revenue change at constant currency			*1%*			*1%*
Adjusted EBITDA	**495**	460	8%	**1,435**	1,340	7%
Adjusted EBITDA margin	**32.1%**	30.3%	180bp	**31.5%**	29.5%	200bp

In both periods, revenues increased 1% in constant currency due to the contribution from acquisitions, as organic revenues were essentially unchanged. Organic revenues benefited from Financial & Risk's annual price increase and higher transactions revenues, but were negatively impacted by a prior-year period non-recurring benefit related to a customer subscription, a decline in recoveries revenues, and the impact of commercial pricing adjustments related to the migration of the remaining foreign exchange and buy-side customers onto new products on Financial & Risk's unified platform.

By geographic area, third quarter revenues increased 3% in the Americas and 2% in Asia Pacific, but declined 1% in Europe, Middle East and Africa (EMEA). For the nine-month period, revenues increased 3% in the Americas, 1% in Asia Pacific and were essentially unchanged in EMEA.

In both periods, net sales were positive overall as positive net sales in the Americas more than offset negative net sales in EMEA. In Asia Pacific, net sales were slightly negative in the third quarter, but slightly positive in the nine-month period.

Financial & Risk's organic revenue growth and net sales performance for the third quarter were below our expectations due to a variety of factors. We experienced unexpected delays in closing new sales opportunities, primarily in Europe and Asia. Elsewhere, longer free-of-charge periods and a changing mix in new sales negatively impacted revenue performance. Relative to mix, feeds and Risk Solutions, the largest proportion of new sales, have longer installation periods than desktop sales. As revenues from new sales are only earned after product installation, revenue recognition is delayed for these products.

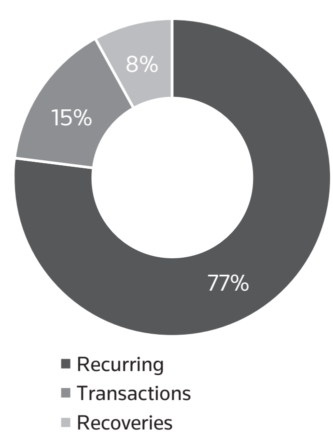
Overall cancellations across Financial & Risk were at their lowest level since the first quarter of 2016, which was partly due to the completion of the product migration program in Financial & Risk's Asset Management business. Despite the improvement in the quarter, Financial & Risk experienced higher than expected cancellations of sell-side desktops, particularly in Europe and Asia.

Finally, lower than expected trading volumes led to lower than expected transactions revenues.

Results by type in constant currency were as follows:

- **Recurring** revenues increased 1% in both periods due to the benefit of Financial & Risk's 2017 annual price increase, which was partly offset by the negative impact of a prior-year period non-recurring benefit related to a customer subscription, and the commercial pricing adjustments on remaining legacy foreign exchange products. In the third quarter, Elektron Data Platform and Risk revenues grew 5% collectively while desktop revenues declined 4%. In the nine-month period, Elektron Data Platform and Risk revenues grew 7% collectively while desktop revenues declined 4%;
- **Transactions** revenues increased 7% in the third quarter and 6% in the nine-month period. The increases in both periods were primarily due to organic growth in Tradeweb and contributions from acquisitions, partly offset by lower foreign exchange trading revenues; and
- **Recoveries** revenues, which Financial & Risk collects from customers and largely passes through to a third-party provider, such as stock exchange fees, decreased 4% in the third quarter and 6% in the nine-month period. The decline in the nine-month period from these low-margin recoveries revenues partially reflected the transition of a small number of third-party information providers to direct billing arrangements with their customers.

Third-Quarter 2017 Revenues by Type



Adjusted EBITDA and the related margin increased in both periods primarily due to the impact of higher revenues, as well as lower expenses. The lower expenses were driven by initiatives to simplify Financial & Risk's business, which included benefits from severance actions in the fourth quarter of 2016. Foreign currency benefited adjusted EBITDA margin by 30bp and 40bp in the third quarter and nine-month period, respectively, compared to the prior-year periods.

Legal

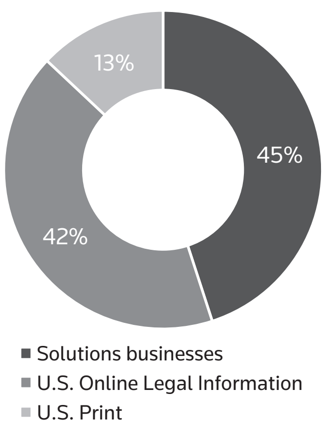
	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars, except margins)	**2017**	2016	Change	**2017**	2016	Change
Revenues	**843**	835	1%	**2,509**	2,503	-
Revenue change at constant currency			*1%*			*1%*
Adjusted EBITDA	**338**	328	3%	**965**	936	3%
Adjusted EBITDA margin	**40.1%**	39.3%	80bp	**38.5%**	37.4%	110bp

Revenues increased 1% in constant currency in the third quarter as 3% growth in recurring revenues (76% of the Legal segment in the quarter) was partly offset by an 8% decline in transactions revenues (11% of the Legal segment in the quarter) and a 7% decline in U.S. Print revenues (13% of the Legal segment in the quarter). In the nine-month period, the increase in revenues reflected 4% growth in recurring revenues, which was partly offset by an 8% decline in transactions revenues and a 6% decline in U.S. Print revenues. Excluding U.S. Print, Legal's revenues increased 2% in both the third quarter and nine-month period.

Results by line of business in constant currency were as follows:

- **Solutions businesses** revenues include non-U.S. legal information and global software and services businesses. Solutions businesses revenues increased 1% in the third quarter and 2% in the nine-month period driven by recurring revenues (80% of the Solutions business), which grew 4% and 5% in the third quarter and nine-month period, respectively. In both periods, revenue growth was partly offset by a 9% decline in transactions revenues. In both periods, revenues increased for U.K. Practical Law, FindLaw, Investigative & Public Records and Legal Tracker while revenues in Legal Managed Services and Latin America print were lower;
- **U.S. Online Legal Information** revenues increased 3% and 2% in the third quarter and nine-month period, respectively, driven by growth in U.S. Practical Law. Legal expects its U.S. Online Legal Information business will grow 2% for the full year; and
- **U.S. Print** revenues decreased 7% and 6% in the third quarter and nine-month period, respectively.

Third-Quarter 2017 Revenues by Line of Business



Adjusted EBITDA and the related margin increased in both periods due to higher revenues and lower expenses. The decline in expenses reflected simplification initiatives, including benefits from the severance actions in the fourth quarter of 2016 and cost management efforts. Foreign currency benefited adjusted EBITDA margins by 10bp and 20bp in the third quarter and nine-month period, respectively, compared to the prior-year periods.

Tax & Accounting

	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars, except margins)	**2017**	2016	Change	**2017**	2016	Change
Revenues	**341**	323	6%	**1,108**	1,036	7%
Revenue change at constant currency			*5%*			*6%*
Adjusted EBITDA	**95**	87	9%	**339**	283	20%
Adjusted EBITDA margin	**27.9%**	26.9%	100bp	**30.6%**	27.3%	330bp

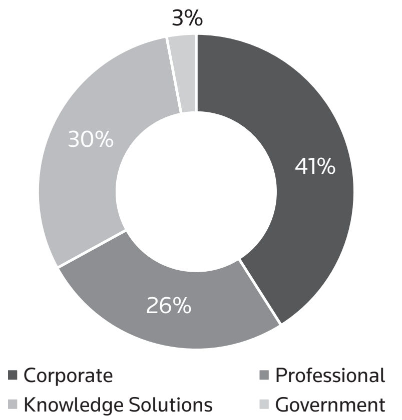
Revenues increased 5% in constant currency in the third quarter, driven by a 2% increase in recurring revenues (87% of the Tax & Accounting segment in the quarter) and a 33% increase in transactions revenues (13% of the Tax & Accounting segment in the quarter). The increase in transactions revenues benefited from a favorable year over year comparison, as the Government business reported lower revenues in the prior-year period due to delays of go-live dates on two significant projects.

Revenues increased 6% in constant currency in the nine-month period, driven by a 4% increase in recurring revenues and a 20% increase in transactions revenues.

Results by line of business in constant currency were as follows:

- **Corporate** includes revenues from a suite of global and local tax compliance, workflow and data management software and services. Corporate revenues increased 8% and 9% in the third quarter and nine-month period, respectively. The increases in both periods were primarily due to growth in ONESOURCE software and services;
- **Professional** includes revenues from tax, accounting, audit, payroll, document management, client portals and practice management applications and services. Professional revenues increased 7% and 10% in the third quarter and nine-month period, respectively, primarily due to growth in CS Professional Suite solutions for accounting firms and higher revenues in Latin America;
- **Knowledge Solutions** includes revenues from information, research, workflow tools and certified professional education. Knowledge Solutions revenues decreased 2% in both the third quarter and nine-month period due to lower print revenues; and
- **Government,** which represents only 3% of Tax & Accounting's revenues, includes integrated property tax management and land registry solutions. Government revenues increased significantly in both periods as prior-year period revenues were lower due to delays of go-live dates on two significant projects.

Third-Quarter 2017 Revenues by Line of Business



Adjusted EBITDA and the related margin increased in both periods primarily due to the impact of higher revenues. Expenses were higher in both periods primarily due to higher allocations of technology expenses, partly offset by the benefits from simplification initiatives, including benefits from the severance actions in the fourth quarter of 2016, and lower expenses in the Government business. Foreign currency positively impacted adjusted EBITDA margin by 30bp in the third quarter, but had no impact in the nine-month period, compared to the prior-year periods.

Tax & Accounting is a seasonal business with a significant percentage of its adjusted EBITDA historically generated in the fourth quarter. Small movements in the timing of revenues and expenses can impact the quarterly margin. Full-year margin is more reflective of the segment's performance.

Corporate & Other

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	2017	2016	2017	2016
Revenues – Reuters News	**73**	73	**221**	227
Reuters News (adjusted EBITDA)	**7**	6	**29**	18
Core corporate expenses	**(86)**	(67)	**(205)**	(258)
Total	**(79)**	(61)	**(176)**	(240)

Revenues from Reuters News were unchanged in the third quarter. The decrease in revenues in the nine-month period was primarily due to the impact of foreign currency and lower news agency revenues. In both periods, the increases in Reuters News adjusted EBITDA were due to lower expenses.

Core corporate expenses increased in the third quarter due to investments to optimize real estate and improve customer experience. However, in the nine-month period corporate expenses decreased as these investments were more than offset by the elimination of certain overhead costs in connection with the sale of our former Intellectual Property & Science business, and the allocation of additional costs, primarily technology, to the Tax & Accounting segment.

Refer to the "Outlook" section of this management's discussion and analysis for further information regarding our expectations for core corporate expenses.

Results of Discontinued Operations

In October 2016, we sold our Intellectual Property & Science business, which was reported as discontinued operations. The results of discontinued operations were as follows:

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
(Loss) earnings from discontinued operations, net of tax	**(1)**	18	**1**	126

The 2017 periods are comprised of residual income and expense items following the closing of the Intellectual Property & Science sale.

Liquidity and Capital Resources

Our principal sources of liquidity are cash on hand, cash provided by our operations, our $2.0 billion commercial paper programs and our $2.4 billion credit facility. From time to time, we also issue debt securities. Our principal uses of cash are for debt repayments, debt servicing costs, dividend payments, capital expenditures, share repurchases and acquisitions. Additionally, in the first quarter of 2017, we contributed $500 million to our U.S. defined benefit pension plan. We believe that our existing sources of liquidity will be sufficient to fund our expected cash requirements in the normal course of business for the next 12 months.

Cash flow

Summary of consolidated statement of cash flow

	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars)	**2017**	2016	$ Change	**2017**	2016	$ Change
Net cash provided by operating activities	**808**	758	50	**1,274**	1,986	(712)
Net cash used in investing activities	**(218)**	(220)	2	**(813)**	(780)	(33)
Net cash used in financing activities	**(468)**	(394)	(74)	**(1,945)**	(1,299)	(646)
Increase (decrease) in cash and bank overdrafts	**122**	144	(22)	**(1,484)**	(93)	(1,391)
Translation adjustments	**4**	(2)	6	**9**	(3)	12
Cash and bank overdrafts at beginning of period	**766**	684	82	**2,367**	922	1,445
Cash and bank overdrafts at end of period	**892**	826	66	**892**	826	66

Operating activities. Net cash provided by operating activities increased in the third quarter due to higher operating profit before the impact of non-cash items, particularly fair value adjustments. Net cash provided by operating activities decreased in the nine-month period primarily due to the $500 million contribution to pre-fund our U.S. pension plan in January 2017, $137 million of payments related to 2016 severance charges, and the loss of cash flows from our former Intellectual Property & Science business, which was sold in October 2016 ($237 million year on year reduction).

Investing activities. Net cash used in investing activities in the third quarter was essentially unchanged. The increase in net cash used in investing activities in the nine-month period reflected higher acquisition spending by our Financial & Risk business as well as higher capital expenditures. Our Financial & Risk business purchased REDI, a provider of a cross-asset trade execution management system for financial professionals and two smaller businesses, Clarient and Avox, which expanded the segment's risk management footprint. Both periods included proceeds from the sale of a portion of an investment.

Financing activities. Net cash used in financing activities in the third quarter increased due to the repayment of term debt, which more than offset lower share repurchases and higher commercial paper borrowings. The increase in net cash used in financing activities in the nine-month period reflected higher repayments of term debt, partly offset by lower share repurchases. Additionally, net cash used in financing activities in 2016 included the proceeds received from the May 2016 term debt issuance. We returned $0.5 billion (2016 – $0.8 billion) and $1.5 billion (2016 – $2.0 billion) to our common shareholders through dividends and share repurchases in the third quarter and nine-month period, respectively.

Cash and bank overdrafts. During 2017, we utilized a portion of the proceeds from the sale of Intellectual Property & Science to pay down debt and make a contribution to our U.S. pension plan. As such, cash and cash equivalents declined from $2.4 billion at December 31, 2016 to $0.9 billion at September 30, 2017. The balance in cash and bank overdrafts was $892 million at September 30, 2017 compared to $826 million at September 30, 2016.

Additional information about our debt, dividends and share repurchases is as follows:

- **Commercial paper programs.** Issuances under our $2.0 billion commercial paper programs reached a peak of $705 million during the nine-month period of 2017, all of which remained outstanding at September 30, 2017.
- **Credit facility.** There were no borrowings under our $2.4 billion credit facility during the nine-month period of 2017.
- **Long-term debt.** We have capacity to issue up to $2.5 billion principal amount of debt securities under our debt shelf prospectus, which expires in April 2018. The following table provides information regarding notes that we issued and repaid in the nine months ended September 30, 2017 and 2016:

MONTH/YEAR	TRANSACTION	PRINCIPAL AMOUNT (IN MILLIONS)
	Notes issued	
May 2016	3.35% Notes, due 2026	US$500
	Notes repaid	
September 2017	1.65% Notes, due 2017	US$550
February 2017	1.30% Notes, due 2017	US$550
May 2016	0.875% Notes, due 2016	US$500

The February 2017 notes were repaid principally from cash on hand, which included a portion of the proceeds from the sale of the Intellectual Property & Science business. The September 2017 notes were repaid principally from cash on hand. We used the net proceeds of our May 2016 debt issuance to repay the notes which matured that same month.

- **Credit ratings.** Our credit ratings have not changed in 2017. The table below reflects the credit ratings that we have received from rating agencies in respect of our outstanding securities as of the date of this management's discussion and analysis.

	Moody's	Standard & Poor's	DBRS Limited	Fitch
Long-term debt	Baa2	BBB+	BBB (high)	BBB+
Commercial paper	P-2	A-2	R-2 (high)	F2
Trend/Outlook	Stable	Stable	Stable	Stable

These credit ratings are not recommendations to purchase, hold, or sell securities and do not address the market price or suitability of a specific security for a particular investor. We cannot assure you that our credit ratings will not be lowered in the future.

- **Dividends.** Dividends on our common shares are declared in U.S. dollars. In our consolidated statement of cash flow, dividends paid on common shares are shown net of amounts reinvested in our company under our dividend reinvestment plan. Details of dividends declared per share and dividends paid on common shares are as follows:

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars, except per share amounts)	**2017**	2016	**2017**	2016
Dividends declared per share	**$0.345**	$0.34	**$1.035**	$1.02
Dividends declared	**246**	252	**746**	766
Dividends reinvested	**(9)**	(9)	**(26)**	(26)
Dividends paid	**237**	243	**720**	740

- **Share repurchases.** We may buy back shares (and subsequently cancel them) from time to time as part of our capital strategy. In February 2017, we announced that we plan to repurchase up to an additional $1.0 billion of our common shares. As of September 30, 2017, we repurchased 18.5 million common shares for a cost of $808 million under this buyback program.

  Under our normal course issuer bid (NCIB), which we renewed in the second quarter, we may repurchase up to 36 million common shares between May 30, 2017 and May 29, 2018 in open market transactions on the Toronto Stock Exchange (TSX), the New York Stock Exchange (NYSE) and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or NYSE or under applicable law, including private agreement purchases if we receive an issuer bid exemption order from applicable securities regulatory authorities in Canada for such purchases. In the nine months ended September 30, 2017, we privately repurchased 6.0 million common shares (2016 – 4.1 million common shares) at a discount to the then-prevailing market price.

Details of share repurchases were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Share repurchases (millions of U.S. dollars)	**230**	542	**808**	1,232
Shares repurchased (millions)	**5.0**	13.2	**18.5**	31.2
Share repurchases – average price per share	**$46.03**	$41.40	**$43.60**	$39.56

Decisions regarding any future repurchases will depend on factors, such as market conditions, share price and other opportunities to invest capital for growth. We may elect to suspend or discontinue our share repurchases at any time, in accordance with applicable laws.

Free cash flow

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
Net cash provided by operating activities	**808**	758	**1,274**	1,986
Capital expenditures, less proceeds from disposals	**(256)**	(213)	**(710)**	(658)
Capital expenditures from discontinued operations	**-**	(13)	**-**	(38)
Other investing activities	**(1)**	3	**14**	23
Dividends paid on preference shares	**(1)**	(1)	**(2)**	(2)
Dividends paid to non-controlling interests	**(19)**	(15)	**(50)**	(44)
Free cash flow	**531**	519	**526**	1,267

The increase in free cash flow in the third quarter was primarily due to higher cash from operating activities, which more than offset higher capital expenditures. The decrease in the nine-month period reflected lower cash from operating activities, which included the $500 million pension contribution in January 2017, and higher capital expenditures. We expect to generate full-year 2017 free cash flow between $0.9 billion and $1.2 billion.

Financial position

Our total assets were $26.8 billion at September 30, 2017, a decrease of $1.1 billion from December 31, 2016. The decrease was primarily due to the $500 million contribution to our U.S. pension plan and the repayment of $550 million principal amount of notes in February 2017 with cash on hand at December 31, 2016.

At September 30, 2017, the carrying amounts of our total current liabilities exceeded the carrying amounts of our total current assets by $1.9 billion. Of this amount, $1.0 billion relates to debt which matures in July 2018, which we expect to refinance. Additionally, current liabilities include $935 million of deferred revenue, which arises from the sale of subscription based products and services that many customers pay for in advance. The cash received from these advance payments is used to currently fund the operating, investing and financing activities of our business. However, for accounting purposes, these advance payments must be deferred and recognized over the term of the subscription. As such, we typically reflect a negative working capital position in our consolidated statement of financial position. In the ordinary course of business, deferred revenue does not represent a cash obligation, but rather an obligation to perform services or deliver products. Therefore, we believe this portion of the negative working capital position at September 30, 2017 was not indicative of a liquidity issue, but rather an outcome of the required accounting for our business model.

Net debt[1]

(millions of U.S. dollars)	September 30, 2017	December 31, 2016
Current indebtedness	**1,723**	1,111
Long-term indebtedness	**5,383**	6,278
Total debt	**7,106**	7,389
Swaps	**253**	327
Total debt after swaps	**7,359**	7,716
Remove fair value adjustments for hedges[2]	**-**	23
Total debt after currency hedging arrangements	**7,359**	7,739
Remove transaction costs and discounts included in the carrying value of debt	**58**	65
Less: cash and cash equivalents[3]	**(898)**	(2,368)
Net debt	**6,519**	5,436

(1) Net debt is a non-IFRS financial measure, which we define in Appendix A of this management's discussion and analysis.

(2) Represents the interest-related fair value component of hedging instruments that are removed to reflect net cash outflow upon maturity.

(3) Includes cash and cash equivalents of $119 million and $112 million at September 30, 2017 and December 31, 2016, respectively, held in subsidiaries, which have regulatory restrictions, contractual restrictions or operate in countries where exchange controls and other legal restrictions apply and are therefore not available for general use by our company.

The maturity dates for our debt are well balanced with no significant concentration in any one year. Our next scheduled term debt maturity occurs in July 2018. At September 30, 2017, the average maturity of our term debt was approximately eight years at an average interest rate (after swaps) of less than 5%.

Off-balance sheet arrangements, commitments and contractual obligations

For a summary of our other off-balance sheet arrangements, commitments and contractual obligations, please see our 2016 annual management's discussion and analysis. There were no material changes to these arrangements, commitments and contractual obligations during the nine months ended September 30, 2017.

Contingencies

Lawsuits and legal claims

We are engaged in various legal proceedings, claims, audits and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, employment matters, commercial matters, defamation claims and intellectual property infringement claims. The outcome of all of the matters against us is subject to future resolution, including the uncertainties of litigation. Based on information currently known to us and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on our financial condition taken as a whole.

Uncertain tax positions

We are subject to taxation in numerous jurisdictions and we are routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of our positions and propose adjustments or changes to our tax filings.

As a result, we maintain provisions for uncertain tax positions that we believe appropriately reflect our risk. These provisions are made using our best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. We review the adequacy of these provisions at the end of each reporting period and adjust them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from our provisions. However, based on currently enacted legislation, information currently known to us and after consultation with outside tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on our financial condition taken as a whole.

In June 2016, certain of our U.S. subsidiaries received a statutory notice of deficiency from the Internal Revenue Service (IRS) for the 2010 and 2011 tax years. In the notice, the IRS claimed that the taxable income of these subsidiaries should have been increased by an amount that would have created an aggregate potential additional income tax liability of approximately $250 million for the period, including interest. The IRS claim related to our intercompany transfer pricing practices. In October 2017, we settled this claim resulting in approximately $15 million in tax and interest. The settlement did not have a material impact on our consolidated financial statements.

For additional information, please see the "Risk Factors" section of our 2016 annual report, which contains further information on risks related to tax matters.

Outlook

The information in this section is forward-looking and should be read in conjunction with the part of the "Additional Information" section below entitled "Cautionary Note Concerning Factors That May Affect Future Results".

We originally communicated our 2017 full-year business outlook in February 2017. In August 2017, we raised our 2017 full-year adjusted EPS outlook from $2.35 to a range of $2.40 to $2.45. We currently expect adjusted EPS performance to be at the top end of this range. In August 2017, we also increased the range of our 2017 full-year adjusted EBITDA margin outlook by 50bp from a range of 28.8% to 29.8% to a range of 29.3% to 30.3%. We have not changed our outlook for revenue growth and free cash flow, as originally communicated.

We recently reaffirmed our 2017 full-year business outlook, as communicated in August 2017. Our current outlook:
- Assumes constant currency rates relative to 2016; and
- Does not factor in the impact of acquisitions or divestitures that may occur during the year.

The following table sets forth our current 2017 financial outlook, the material assumptions related to our financial outlook and the material risks that may cause actual performance to differ materially from our expectations.

Revenues expected to grow low single digits	
Material assumptions	**Material risks**
• Gross domestic product (GDP) growth in most of the countries where we operate • Continued demand for products and services that help customers navigate changing geopolitical, economic and regulatory environments • An increase in demand for information and workflow solutions • The successful execution of sales initiatives, ongoing product release programs and our globalization strategy	• Global economic uncertainty due to factors including continued regulatory reform around the world, changes in the political environment and the U.K.'s plan to leave the European Union may limit business opportunities for our customers, lowering their demand for our products and services • Demand for our products and services could be reduced by changes in customer buying patterns, or our inability to execute on key product or customer support initiatives • Pressure on certain customers, in developed markets in particular, may constrain the number of professionals employed • Competitive pricing actions could impact our revenues • Our sales and product initiatives may be insufficient to retain customers or generate new sales
Adjusted EBITDA margin expected to be between 29.3% and 30.3%	
Material assumptions	**Material risks**
• Revenues expected to grow at low single digits • Business mix continues to shift to higher-growth, but lower margin offerings • Execution of transformation and efficiency initiatives • Continue to invest in growth markets and customer service	• Same as the risks above related to the revenue outlook • Revenues from higher margin businesses may be lower than expected; conversely, revenues from low-margin businesses could be higher than expected • The costs of required investments, including those in growth markets, exceed expectations or actual returns are below expectations • Acquisition and disposal activity may dilute margins • Efficiency initiatives may cost more than expected, be delayed or may not produce the expected level of savings

Adjusted EPS expected to be between $2.40 and $2.45 (now forecast to be at the top of this range)	
Material assumptions	**Material risks**
• Adjusted EBITDA margin expected to be between 29.3% and 30.3% • Depreciation and software amortization expense expected to be between $1.0 billion and $1.05 billion, a slight increase to the bottom part of this range, which was originally communicated as $950 million in February 2017 • Interest expense expected to be between $400 and $425 million (now forecasted to be near the bottom of this range) • Effective tax rate expected to be between 10% and 13% (now forecasted to be near the bottom of this range) • Completion of $1.0 billion share buyback program announced in February 2017	• Same as the risks above related to the revenue outlook and adjusted EBITDA margin outlook • Capital expenditures may be higher than currently expected, resulting in higher in-period depreciation and amortization • Obsolescence of technology may require accelerated amortization or impairment of certain assets • Higher than expected debt levels or an increase in rates could result in higher interest expense • Material changes in current tax laws or treaties to which we are subject could adversely impact our income tax expense • Higher common shares outstanding due to lower than expected share repurchases

Free Cash Flow is expected to be between $0.9 billion and $1.2 billion	
Material assumptions	**Material risks**
• Revenues expected to grow at low single digits • Expected cash payments in 2017 relating to the fourth-quarter 2016 severance charges, the $500 million contribution to our U.S. defined benefit pension plan made in January 2017, and the loss of free cash flow following the sale of Intellectual Property & Science • Adjusted EBITDA margin expected to be between 29.3% and 30.3% • Capital expenditures expected to be approximately 9.0% of revenues, a slight increase from 8.5% of revenues, as originally communicated in February 2017	• Same as the risks above related to the revenue outlook and adjusted EBITDA margin outlook • A weaker macroeconomic environment could negatively impact working capital performance • Capital expenditures may be higher than currently expected resulting in higher cash outflows • The timing and amount of tax payments to governments may differ from our expectations

Additionally, we expect full-year 2017 core corporate costs including depreciation and amortization of computer software to be approximately $290 million. This reflects cost reductions to realign the corporate center with the size of our business after the sale of Intellectual Property & Science, as well as $40 million to $50 million of higher overhead allocations, primarily technology, to our segments. We expect that the higher allocations will have a negative impact on the full-year 2017 adjusted EBITDA margin of Tax & Accounting, our smallest segment, while the impacts on our Financial & Risk and Legal segments for the full year are expected to be minimal.

Our Outlook contains various non-IFRS financial measures. For Outlook purposes only, we are unable to reconcile these non-IFRS measures to the most comparable IFRS measures because we cannot predict, with reasonable certainty, the 2017 impact of changes in foreign exchange rates which impact (i) the translation of our results reported at average foreign currency rates for the year, (ii) fair value adjustments associated with foreign currency derivatives embedded in certain customer contracts and (iii) other finance income or expense related to foreign exchange contracts and intercompany financing arrangements. Additionally, we cannot reasonably predict the occurrence or amount of other operating gains and losses, which generally arise from business transactions we do not anticipate.

Related Party Transactions

As of October 31, 2017, Woodbridge beneficially owned approximately 63% of our shares.

There were no new significant related party transactions during the nine months ended September 30, 2017. Please refer to the "Related Party Transactions" section of our 2016 annual management's discussion and analysis, which is contained in our 2016 annual report, as well as note 29 of our 2016 annual consolidated financial statements for information regarding related party transactions.

Subsequent Events

There were no material events occurring after September 30, 2017 through the date of this management's discussion and analysis.

Changes in Accounting Policies

Effective January 1, 2017, we prospectively adopted the amendments of IFRS 2, *Classification and Measurement of Share-based Payment Transactions*. Please refer to the "Changes in Accounting Policies" section of our 2016 annual management's discussion and analysis, which is contained in our 2016 annual report, as well as note 1 of our consolidated interim financial statements for the three and nine months ended September 30, 2017.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Please refer to the "Critical Accounting Estimates and Judgments" section of our 2016 annual management's discussion and analysis, which is contained in our 2016 annual report, for additional information. Since the date of our 2016 annual management's discussion and analysis, there have not been any significant changes to our critical accounting estimates and judgments.

Additional Information

Disclosure controls and procedures

Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in applicable U.S. and Canadian securities law) as of the end of the period covered by this management's discussion and analysis, have concluded that our disclosure controls and procedures were effective to ensure that all information that we are required to disclose in reports that we file or furnish under the U.S. Securities Exchange Act and applicable Canadian securities law is (i) recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and Canadian securities regulatory authorities and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Internal control over financial reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

We are engaged in the following long-term efficiency initiatives which impact our financial reporting:

- We are enhancing our order-to-cash (OTC) applications and related workflow processes in phases over multiple years. Key elements of the OTC solutions are order management, billing, cash management and collections functionality. We expect to reduce the number of applications and to streamline processes across our organization through this initiative.
- We are automating manual processes and updating workflows associated with intercompany revenue and cost allocation.

As we are implementing these initiatives in phases over an extended period, the nature and extent of activity will vary by quarter. In certain quarters, we may have limited or no activity.

As these initiatives could result in material changes to our internal control over financial reporting depending on the nature and volume of work completed, we will continue to modify the design and documentation of the related internal control processes and procedures, as necessary. Except as described above, there was no change in our internal control over financial reporting during the last fiscal quarter of 2017 that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Share capital

As of October 31, 2017, we had outstanding 711,559,704 common shares, 6,000,000 Series II preference shares, 9,180,937 stock options and a total of 6,125,334 time-based restricted share units and performance restricted share units. We have also issued a Thomson Reuters Founders Share which enables Thomson Reuters Founders Share Company to exercise extraordinary voting power to safeguard the Thomson Reuters Trust Principles.

Public securities filings and regulatory announcements

You may access other information about our company, including our 2016 annual report (which contains information required in an annual information form) and our other disclosure documents, reports, statements or other information that we file with the Canadian securities regulatory authorities through SEDAR at *www.sedar.com* and in the United States with the SEC at *www.sec.gov*.

Cautionary note concerning factors that may affect future results

Certain statements in this management's discussion and analysis are forward-looking, including, but not limited to, statements about our 2017 expectations in the "Executive Summary" and "Outlook" sections, statements regarding Thomson Reuters investments in the customer experience (and the impact of such investments), consolidated adjusted EBITDA margin, capital expenditures, debt refinancing, and U.S. online legal information revenues in our Legal segment. The words "expect", "target" and "will" and similar expressions identify forward-looking statements. These forward-looking statements are based on certain assumptions and reflect our company's current expectations. As a result, forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Certain factors that could cause actual results or events to differ materially from current expectations are discussed in the "Outlook" section above. Additional factors are discussed in the "Risk Factors" section of our 2016 annual report and in materials that we from time to time file with, or furnish to, the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission. There is no assurance that any forward-looking statement will materialize. Our Outlook is provided for the purpose of providing information about current expectations for 2017. This information may not be appropriate for other purposes. You are cautioned not to place undue reliance on forward-looking statements, which reflect our expectations only as of the date of this management's discussion and analysis. Except as may be required by applicable law, we disclaim any obligation to update or revise any forward-looking statements.

Appendix A

Non-IFRS Financial Measures

We use non-IFRS financial measures as supplemental indicators of our operating performance and financial position. Additionally, we use non-IFRS measures as performance metrics as the basis for management incentive programs. These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. Except for free cash flow, all our non-IFRS measures exclude the results of our Intellectual Property & Science business, which was reported as a discontinued operation through the closing date of the sale.

The following table sets forth our non-IFRS financial measures, including an explanation of why we believe they are useful measures of our performance. Reconciliations for the most directly comparable IFRS measure are reflected in our management's discussion and analysis.

How We Define It	Why We Use It and Why It Is Useful to Investors	Most Directly Comparable IFRS Measure/Reconciliation
Adjusted EBITDA and the related margin		
Adjusted EBITDA represents earnings from continuing operations before tax expense or benefit, net interest expense, other finance costs or income, depreciation, amortization of software and other identifiable intangible assets, our share of post-tax earnings or losses in equity method investments, other operating gains and losses, certain asset impairment charges, fair value adjustments and corporate related items. The related margin is expressed as a percentage of revenues.	Provides a consistent basis to evaluate operating profitability and performance trends by excluding items that we do not consider to be controllable activities for this purpose. Represents a measure commonly reported and widely used by investors as a valuation metric. Additionally, this measure is used to assess our ability to incur and service debt.	Earnings from continuing operations
Adjusted EBITDA less capital expenditures and the related margin		
Adjusted EBITDA less capital expenditures, less proceeds from disposals. The related margin is expressed as a percentage of revenues.	Provides a basis for evaluating the operating profitability and capital intensity of a business in a single measure. This measure captures investments regardless of whether they are expensed or capitalized.	Earnings from continuing operations
Adjusted earnings and adjusted EPS		
Earnings attributable to common shareholders and per share: • excluding the post-tax impacts of fair value adjustments, amortization of other identifiable intangible assets, other operating gains and losses, certain asset impairment charges, other net finance costs or income, our share of post-tax earnings or losses in equity method investments, discontinued operations and other items affecting comparability. We calculate the post-tax amount of each item excluded from adjusted earnings based on the specific tax rules and tax rates associated with the nature and jurisdiction of each item. • We also deduct dividends declared on preference shares. Adjusted EPS is calculated using diluted weighted-average shares.	Provides a more comparable basis to analyze earnings and is also a measure commonly used by shareholders to measure our performance.	Earnings attributable to common shareholders and diluted earnings per share

How We Define It	Why We Use It and Why It Is Useful to Investors	Most Directly Comparable IFRS Measure/Reconciliation
Adjusted earnings and adjusted EPS (continued)		
In interim periods, we also adjust our reported earnings and earnings per share to reflect a normalized effective tax rate. Specifically, the normalized effective rate is computed as the estimated full-year effective tax rate applied to pre-tax adjusted earnings of the interim period. The reported effective tax rate is based on separate annual effective income tax rates for each taxing jurisdiction that are applied to each interim period's pre-tax income.	Because the geographical mix of pre-tax profits and losses in interim periods may be different from that for the full-year, our effective tax rate computed in accordance with IFRS may be more volatile by quarter. Therefore, we believe that using the expected full-year effective tax rate provides more comparability among interim periods. The adjustment to normalize the effective tax rate reallocates estimated full-year income taxes between interim periods, but has no effect on full year tax expense or on cash taxes paid.	
Net debt		
Total indebtedness, including the associated fair value of hedging instruments, but excluding the associated unamortized transaction costs and premiums or discounts and the interest-related fair value component of hedging instruments, less cash and cash equivalents.	Provides a commonly used measure of a company's leverage. Given that we hedge some of our debt to reduce risk, we include hedging instruments as we believe it provides a better measure of the total obligation associated with our outstanding debt. However, because we intend to hold our debt and related hedges to maturity, we do not consider the interest components of the associated fair value of hedges in our measurements. We reduce gross indebtedness by cash and cash equivalents.	Total debt (current indebtedness plus long-term indebtedness)
Free cash flow (includes free cash flow from continuing and discontinued operations)		
Net cash provided by operating activities, and other investing activities, less capital expenditures, dividends paid on our preference shares, and dividends paid to non-controlling interests.	Helps assess our ability, over the long term, to create value for our shareholders as it represents cash available to repay debt, pay common dividends and fund share repurchases and new acquisitions.	Net cash provided by operating activities
Changes before the impact of foreign currency or at "constant currency"		
Applicable measures where changes are reported before the impact of foreign currency or at "constant currency" IFRS Measures: • Revenues • Operating expenses Non-IFRS Measures: • Adjusted EBITDA and Adjusted EBITDA margin • Adjusted EPS	Provides better comparability of business trends from period to period. Our reporting currency is the U.S. dollar. However, we conduct a significant amount of our activities in currencies other than the U.S. dollar. We measure our performance before the impact of foreign currency (or at "constant currency"), which means that we apply the same foreign currency exchange rates for the current and equivalent prior period. To calculate the foreign currency impact between periods, we convert the current and equivalent prior period's local currency results using the same foreign currency exchange rate.	For each non-IFRS measure, refer to the definitions above for most directly comparable IFRS measure.

Appendix B

This appendix provides reconciliations that are not presented elsewhere in this management's discussion and analysis for certain non-IFRS measures to the most directly comparable IFRS measure for the three and nine months ended September 30, 2017 and 2016.

Reconciliation of earnings from continuing operations to adjusted EBITDA and adjusted EBITDA less capital expenditures

	Three months ended September 30,			Nine months ended September 30,		
(millions of U.S. dollars, except margins)	**2017**	2016	Change	**2017**	2016	Change
Earnings from continuing operations	**349**	268	30%	**867**	782	11%
Adjustments to remove:						
Tax (benefit) expense	**(22)**	8		**(8)**	(16)	
Other finance costs	**58**	3		**176**	28	
Net interest expense	**84**	108		**272**	304	
Amortization of other identifiable intangible assets	**115**	128		**354**	388	
Amortization of computer software	**171**	177		**519**	518	
Depreciation	**73**	78		**222**	239	
EBITDA	**828**	770		**2,402**	2,243	
Adjustments to remove:						
Share of post-tax (earnings) losses in equity method investments	**(2)**	(2)		**3**	(2)	
Other operating (gains) losses, net	**(30)**	12		**(13)**	1	
Fair value adjustments	**53**	34		**171**	77	
Adjusted EBITDA	**849**	814	4%	**2,563**	2,319	11%
Deduct: Capital expenditures, less proceeds from disposals	**(256)**	(213)		**(710)**	(658)	
Adjusted EBITDA less capital expenditures	**593**	601	(1%)	**1,853**	1,661	12%
Adjusted EBITDA margin	**30.4%**	29.7%	70bp	**30.6%**	27.9%	270bp
Adjusted EBITDA less capital expenditures margin	**21.2%**	21.9%	(70)bp	**22.1%**	20.0%	210bp

Reconciliation of changes in segment and consolidated revenues, adjusted EBITDA and the related margin, and consolidated operating expenses and adjusted EPS, excluding the effects of foreign currency

	Three months ended September 30,				
			Change		
(millions of U.S. dollars)	2017	2016	Total	Foreign Currency	Constant Currency
Revenues					
Financial & Risk	**1,542**	1,516	2%	1%	1%
Legal	**843**	835	1%	-	1%
Tax & Accounting	**341**	323	6%	1%	5%
Corporate & Other (Reuters News)	**73**	73	-	1%	(1%)
Eliminations	**(7)**	(3)			
Consolidated revenues	**2,792**	2,744	2%	1%	1%

	Three months ended September 30,				
			Change		
(millions of U.S. dollars, except margins)	2017	2016	Total	Foreign Currency	Constant Currency
Adjusted EBITDA					
Financial & Risk	**495**	460	8%	2%	6%
Legal	**338**	328	3%	1%	2%
Tax & Accounting	**95**	87	9%	1%	8%
Corporate & Other (includes Reuters News)	**(79)**	(61)	n/a	n/a	n/a
Consolidated adjusted EBITDA	**849**	814	4%	-	4%
Adjusted EBITDA Margin					
Financial & Risk	**32.1%**	30.3%	180bp	30bp	150bp
Legal	**40.1%**	39.3%	80bp	10bp	70bp
Tax & Accounting	**27.9%**	26.9%	100bp	30bp	70bp
Corporate & Other (includes Reuters News)	**n/a**	n/a	n/a	n/a	n/a
Consolidated adjusted EBITDA margin	**30.4%**	29.7%	70bp	-	70bp

	Three months ended September 30,				
			Change		
(millions of U.S. dollars, except per share amounts)	2017	2016	Total	Foreign Currency	Constant Currency
Consolidated operating expenses	**1,996**	1,964	2%	2%	-
Consolidated adjusted EPS	**$0.68**	$0.54	26%	2%	24%

Reconciliation of changes in segment and consolidated revenues, adjusted EBITDA and the related margin, and consolidated operating expenses and adjusted EPS, excluding the effects of foreign currency (continued)

	Nine months ended September 30,				
			Change		
(millions of U.S. dollars)	**2017**	2016	**Total**	**Foreign Currency**	**Constant Currency**
Revenues					
Financial & Risk	**4,561**	4,549	-	(1%)	1%
Legal	**2,509**	2,503	-	(1%)	1%
Tax & Accounting	**1,108**	1,036	7%	1%	6%
Corporate & Other (Reuters News)	**221**	227	(3%)	(1%)	(2%)
Eliminations	**(10)**	(9)			
Consolidated revenues	**8,389**	8,306	1%	(1%)	2%

	Nine months ended September 30,				
			Change		
(millions of U.S. dollars, except margins)	**2017**	2016	**Total**	**Foreign Currency**	**Constant Currency**
Adjusted EBITDA					
Financial & Risk	**1,435**	1,340	7%	-	7%
Legal	**965**	936	3%	-	3%
Tax & Accounting	**339**	283	20%	1%	19%
Corporate & Other (includes Reuters News)	**(176)**	(240)	n/a	n/a	n/a
Consolidated adjusted EBITDA	**2,563**	2,319	11%	1%	10%
Adjusted EBITDA Margin					
Financial & Risk	**31.5%**	29.5%	200bp	40bp	160bp
Legal	**38.5%**	37.4%	110bp	20bp	90bp
Tax & Accounting	**30.6%**	27.3%	330bp	-	330bp
Corporate & Other (includes Reuters News)	**n/a**	n/a	n/a	n/a	n/a
Consolidated adjusted EBITDA margin	**30.6%**	27.9%	270bp	30bp	240bp

	Nine months ended September 30,				
			Change		
(millions of U.S. dollars, except per share amounts)	**2017**	2016	**Total**	**Foreign Currency**	**Constant Currency**
Consolidated operating expenses	**5,997**	6,064	(1%)	1%	(2%)
Consolidated adjusted EPS	**$1.91**	$1.47	30%	1%	29%

Appendix C

Supplemental Information

Depreciation and amortization of computer software by segment

	Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	**2017**	2016	**2017**	2016
Financial & Risk	**147**	147	**434**	435
Legal	**60**	64	**183**	187
Tax & Accounting	**31**	28	**95**	86
Corporate & Other (includes Reuters News)	**6**	16	**29**	49
Total	**244**	255	**741**	757

Appendix D

Quarterly information (unaudited)

The following table presents a summary of our consolidated operating results for the eight most recent quarters.

	Quarter ended March 31,		Quarter ended June 30,		Quarter ended September 30,		Quarter ended December 31,	
(millions of U.S. dollars, except per share amounts)	**2017**	2016	**2017**	2016	**2017**	2016	**2016**	2015
Revenues	**2,815**	2,793	**2,782**	2,769	**2,792**	2,744	**2,860**	2,887
Operating profit	**444**	310	**399**	401	**467**	385	**294**	433
Earnings from continuing operations	**317**	210	**201**	304	**349**	268	**274**	358
(Loss) earnings from discontinued operations, net of tax	**(3)**	62	**5**	46	**(1)**	18	**1,967**	59
Net earnings	**314**	272	**206**	350	**348**	286	**2,241**	417
Earnings attributable to common shareholders	**297**	262	**192**	337	**330**	273	**2,226**	408
Basic earnings per share								
From continuing operations	**$0.41**	$0.26	**$0.26**	$0.39	**$0.46**	$0.34	**$0.35**	$0.45
From discontinued operations	**-**	0.08	**0.01**	0.06	**-**	0.03	**2.69**	0.08
	$0.41	$0.34	**$0.27**	$0.45	**$0.46**	$0.37	**$3.04**	$0.53
Diluted earnings per share								
From continuing operations	**$0.41**	$0.26	**$0.26**	$0.39	**$0.46**	$0.34	**$0.35**	$0.45
From discontinued operations	**-**	0.08	**0.01**	0.06	**-**	0.02	**2.68**	0.08
	$0.41	$0.34	**$0.27**	$0.45	**$0.46**	$0.36	**$3.03**	$0.53

Our revenues and operating profit on a consolidated basis do not tend to be significantly impacted by seasonality as we record a large portion of our revenues ratably over a contract term and our costs are generally incurred evenly throughout the year. However, our performance from quarter to consecutive quarter can be impacted by transactions revenues as well as by the release of certain print-based offerings, which tend to be concentrated at the end of the year. As a consequence, the results of certain of our segments can be impacted by seasonality to a greater extent than our consolidated results.

Revenues — Foreign currency negatively impacted revenue performance in all periods, except for the third quarter of 2017 which was positively impacted.

On a constant currency basis, revenues grew by low single digits in each quarter as growth in recurring revenues exceeded declines in recoveries and U.S. print revenues. Additionally, transactions revenues increased in the first three quarters of 2017, but declined in the fourth quarter of 2016. Acquisitions contributed to revenue growth in the first two quarters of 2017, but did not have a meaningful impact on revenue performance in the third quarter of 2017 and the fourth quarter of 2016.

Operating profit — In the third quarter of 2017, operating profit increased due to higher revenues and a gain on the sale of a portion of an investment. While both the first and second quarters of 2017 benefited from higher revenues and lower operating expenses, which reflected the continuing simplification of our business, operating profit in the second quarter declined due to unfavorable fair value adjustments associated with foreign currency derivatives embedded in certain customer contracts. In the fourth quarter of 2016, operating profit decreased due to $212 million of severance charges.

Net earnings — In the third quarter of 2017, net earnings increased as higher operating profit and lower income tax expense more than offset higher finance costs. In the second quarter of 2017, net earnings decreased due to financing costs, as well as the loss of earnings from discontinued operations following the sale of Intellectual Property & Science in October 2016. In the first quarter of 2017, net earnings increased as higher operating profit more than offset the loss of earnings from discontinued operations. In the fourth quarter of 2016, net earnings increased due to the gain on the sale of Intellectual Property & Science.

THOMSON REUTERS CORPORATION
CONSOLIDATED INCOME STATEMENT
(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars, except per share amounts)	Notes	**2017**	2016	**2017**	2016
CONTINUING OPERATIONS					
Revenues		**2,792**	2,744	**8,389**	8,306
Operating expenses	5	**(1,996)**	(1,964)	**(5,997)**	(6,064)
Depreciation		**(73)**	(78)	**(222)**	(239)
Amortization of computer software		**(171)**	(177)	**(519)**	(518)
Amortization of other identifiable intangible assets		**(115)**	(128)	**(354)**	(388)
Other operating gains (losses), net	6	**30**	(12)	**13**	(1)
Operating profit		**467**	385	**1,310**	1,096
Finance costs, net:					
Net interest expense	7	**(84)**	(108)	**(272)**	(304)
Other finance costs	7	**(58)**	(3)	**(176)**	(28)
Income before tax and equity method investments		**325**	274	**862**	764
Share of post-tax earnings (losses) in equity method investments		**2**	2	**(3)**	2
Tax benefit (expense)	8	**22**	(8)	**8**	16
Earnings from continuing operations		**349**	268	**867**	782
(Loss) earnings from discontinued operations, net of tax	9	**(1)**	18	**1**	126
Net earnings		**348**	286	**868**	908
Earnings attributable to:					
Common shareholders		**330**	273	**819**	872
Non-controlling interests		**18**	13	**49**	36
Earnings per share:	10				
Basic earnings per share:					
From continuing operations		**$0.46**	$0.34	**$1.13**	$0.99
From discontinued operations		**—**	0.03	**—**	0.17
Basic earnings per share		**$0.46**	$0.37	**$1.13**	$1.16
Diluted earnings per share:					
From continuing operations		**$0.46**	$0.34	**$1.13**	$0.99
From discontinued operations		**—**	0.02	**—**	0.16
Diluted earnings per share		**$0.46**	$0.36	**$1.13**	$1.15

The related notes form an integral part of these consolidated financial statements.

THOMSON REUTERS CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	Notes	2017	2016	2017	2016
Net earnings		**348**	286	**868**	908
Other comprehensive income (loss):					
Items that have been or may be subsequently reclassified to net earnings:					
Cash flow hedges adjustments to net earnings	7	**(53)**	16	**(97)**	(74)
Cash flow hedges adjustments to equity		**42**	(3)	**73**	55
Foreign currency translation adjustments to equity		**221**	(63)	**605**	(162)
		210	(50)	**581**	(181)
Item that will not be reclassified to net earnings:					
Remeasurement on defined benefit pension plans		**64**	(42)	**84**	(266)
Related tax (expense) benefit on remeasurement on defined benefit pension plans		**(11)**	6	**(22)**	76
		53	(36)	**62**	(190)
Other comprehensive income (loss)		**263**	(86)	**643**	(371)
Total comprehensive income		**611**	200	**1,511**	537
Comprehensive income for the period attributable to:					
Common shareholders:					
Continuing operations		**594**	167	**1,461**	397
Discontinued operations		**(1)**	20	**1**	104
Non-controlling interests		**18**	13	**49**	36
Total comprehensive income		**611**	200	**1,511**	537

The related notes form an integral part of these consolidated financial statements.

THOMSON REUTERS CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(unaudited)

(millions of U.S. dollars)	Notes	**September 30, 2017**	December 31, 2016
Cash and cash equivalents	11	**898**	2,368
Trade and other receivables		**1,530**	1,392
Other financial assets	11	**106**	188
Prepaid expenses and other current assets		**724**	686
Current assets		**3,258**	4,634
Computer hardware and other property, net		**903**	961
Computer software, net		**1,411**	1,394
Other identifiable intangible assets, net		**5,429**	5,655
Goodwill		**15,019**	14,485
Other financial assets	11	**93**	135
Other non-current assets	12	**596**	537
Deferred tax		**56**	51
Total assets		**26,765**	27,852
LIABILITIES AND EQUITY			
Liabilities			
Current indebtedness	11	**1,723**	1,111
Payables, accruals and provisions	13	**2,219**	2,448
Deferred revenue		**935**	901
Other financial liabilities	11	**315**	102
Current liabilities		**5,192**	4,562
Long-term indebtedness	11	**5,383**	6,278
Provisions and other non-current liabilities	14	**1,680**	2,258
Other financial liabilities	11	**285**	340
Deferred tax		**987**	1,158
Total liabilities		**13,527**	14,596
Equity			
Capital	15	**9,536**	9,589
Retained earnings		**6,920**	7,477
Accumulated other comprehensive loss		**(3,712)**	(4,293)
Total shareholders' equity		**12,744**	12,773
Non-controlling interests		**494**	483
Total equity		**13,238**	13,256
Total liabilities and equity		**26,765**	27,852
Contingencies (note 18)			

The related notes form an integral part of these consolidated financial statements.

THOMSON REUTERS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW
(unaudited)

		Three months ended September 30,		Nine months ended September 30,	
(millions of U.S. dollars)	Notes	2017	2016	2017	2016
Cash provided by (used in):					
OPERATING ACTIVITIES					
Earnings from continuing operations		**349**	268	**867**	782
Adjustments for:					
Depreciation		**73**	78	**222**	239
Amortization of computer software		**171**	177	**519**	518
Amortization of other identifiable intangible assets		**115**	128	**354**	388
Net gains on disposals of businesses and investments		**(35)**	(2)	**(35)**	(4)
Deferred tax		**(121)**	(46)	**(194)**	(130)
Other	16	**164**	129	**601**	354
Pension contribution		**–**	–	**(500)**	–
Changes in working capital and other items	16	**97**	37	**(506)**	(344)
Operating cash flows from continuing operations		**813**	769	**1,328**	1,803
Operating cash flows from discontinued operations		**(5)**	(11)	**(54)**	183
Net cash provided by operating activities		**808**	758	**1,274**	1,986
INVESTING ACTIVITIES					
Acquisitions, net of cash acquired	17	**(1)**	–	**(184)**	(111)
Proceeds from disposals of businesses and investments		**40**	3	**50**	4
Capital expenditures, less proceeds from disposals		**(256)**	(213)	**(710)**	(658)
Other investing activities		**(1)**	3	**14**	23
Investing cash flows from continuing operations		**(218)**	(207)	**(830)**	(742)
Investing cash flows from discontinued operations		**–**	(13)	**17**	(38)
Net cash used in investing activities		**(218)**	(220)	**(813)**	(780)
FINANCING ACTIVITIES					
Proceeds from debt	11	**–**	–	**–**	498
Repayments of debt	11	**(550)**	–	**(1,100)**	(503)
Net borrowings under short-term loan facilities	11	**555**	398	**705**	702
Repurchases of common shares	15	**(230)**	(542)	**(808)**	(1,232)
Dividends paid on preference shares		**(1)**	(1)	**(2)**	(2)
Dividends paid on common shares	15	**(237)**	(243)	**(720)**	(740)
Dividends paid to non-controlling interests		**(19)**	(15)	**(50)**	(44)
Other financing activities		**14**	9	**30**	22
Net cash used in financing activities		**(468)**	(394)	**(1,945)**	(1,299)
Increase (decrease) in cash and bank overdrafts		**122**	144	**(1,484)**	(93)
Translation adjustments		**4**	(2)	**9**	(3)
Cash and bank overdrafts at beginning of period		**766**	684	**2,367**	922
Cash and bank overdrafts at end of period		**892**	826	**892**	826
Cash and bank overdrafts at end of period comprised of:					
Cash and cash equivalents		**898**	831	**898**	831
Bank overdrafts		**(6)**	(5)	**(6)**	(5)
		892	826	**892**	826
Supplemental cash flow information is provided in note 16.					
Interest paid		**(53)**	(75)	**(218)**	(240)
Income taxes paid	16	**(43)**	(60)	**(99)**	(158)

Interest paid is reflected as an operating cash flow and is net of debt-related hedges.

Income taxes paid are reflected as either operating or investing cash flows depending on the nature of the underlying transaction.

The related notes form an integral part of these consolidated financial statements.

THOMSON REUTERS CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(unaudited)

(millions of U.S. dollars)	Stated share capital	Contributed surplus	Total capital	Retained earnings	Unrecognized gain (loss) on cash flow hedges	Foreign currency translation adjustments	Total accumulated other comprehensive loss ("AOCL")	Shareholders' equity	Non-controlling interests	Total equity
Balance, December 31, 2016	**9,393**	**196**	**9,589**	**7,477**	**32**	**(4,325)**	**(4,293)**	**12,773**	**483**	**13,256**
Impact of IFRS 2 amendments (note 1)	**-**	**152**	**152**	**-**	**-**	**-**	**-**	**152**	**-**	**152**
Balance after IFRS 2 amendments	**9,393**	**348**	**9,741**	**7,477**	**32**	**(4,325)**	**(4,293)**	**12,925**	**483**	**13,408**
Net earnings	**-**	**-**	**-**	**819**	**-**	**-**	**-**	**819**	**49**	**868**
Other comprehensive income (loss)	**-**	**-**	**-**	**62**	**(24)**	**605**	**581**	**643**	**-**	**643**
Total comprehensive income (loss)	**-**	**-**	**-**	**881**	**(24)**	**605**	**581**	**1,462**	**49**	**1,511**
Change in ownership interest of subsidiary	**-**	**-**	**-**	**18**	**-**	**-**	**-**	**18**	**12**	**30**
Distributions to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(50)**	**(50)**
Dividends declared on preference shares	**-**	**-**	**-**	**(2)**	**-**	**-**	**-**	**(2)**	**-**	**(2)**
Dividends declared on common shares	**-**	**-**	**-**	**(746)**	**-**	**-**	**-**	**(746)**	**-**	**(746)**
Shares issued under Dividend Reinvestment Plan ("DRIP")	**26**	**-**	**26**	**-**	**-**	**-**	**-**	**26**	**-**	**26**
Repurchases of common shares	**(241)**	**-**	**(241)**	**(575)**	**-**	**-**	**-**	**(816)**	**-**	**(816)**
Pre-defined share repurchase plan	**(52)**	**-**	**(52)**	**(133)**	**-**	**-**	**-**	**(185)**	**-**	**(185)**
Stock compensation plans	**161**	**(99)**	**62**	**-**	**-**	**-**	**-**	**62**	**-**	**62**
Balance, September 30, 2017	**9,287**	**249**	**9,536**	**6,920**	**8**	**(3,720)**	**(3,712)**	**12,744**	**494**	**13,238**

(millions of U.S. dollars)	Stated share capital	Contributed surplus	Total capital	Retained earnings	Unrecognized gain (loss) on cash flow hedges	Foreign currency translation adjustments	AOCL	Shareholders' equity	Non-controlling interests	Total equity
Balance, December 31, 2015	9,686	166	9,852	6,458	36	(3,733)	(3,697)	12,613	487	13,100
Net earnings	-	-	-	872	-	-	-	872	36	908
Other comprehensive loss	-	-	-	(190)	(19)	(162)	(181)	(371)	-	(371)
Total comprehensive income (loss)	-	-	-	682	(19)	(162)	(181)	501	36	537
Change in ownership interest of subsidiary	-	-	-	15	-	-	-	15	3	18
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(44)	(44)
Dividends declared on preference shares	-	-	-	(2)	-	-	-	(2)	-	(2)
Dividends declared on common shares	-	-	-	(766)	-	-	-	(766)	-	(766)
Shares issued under DRIP	26	-	26	-	-	-	-	26	-	26
Repurchases of common shares	(339)	-	(339)	(729)	-	-	-	(1,068)	-	(1,068)
Pre-defined share repurchase plan	(26)	-	(26)	(59)	-	-	-	(85)	-	(85)
Stock compensation plans	97	17	114	-	-	-	-	114	-	114
Balance, September 30, 2016	9,444	183	9,627	5,599	17	(3,895)	(3,878)	11,348	482	11,830

The related notes form an integral part of these consolidated financial statements.

Thomson Reuters Corporation

Notes to Consolidated Financial Statements (unaudited)

(unless otherwise stated, all amounts are in millions of U.S. dollars)

Note 1: Business Description and Basis of Preparation

General business description

Thomson Reuters Corporation (the "Company" or "Thomson Reuters") is an Ontario, Canada corporation with common shares listed on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange ("NYSE") and Series II preference shares listed on the TSX. The Company is a major source of news and information for professional markets, operating in more than 100 countries.

Basis of preparation

The unaudited consolidated interim financial statements ("interim financial statements") were prepared using the same accounting policies and methods as those used in the Company's consolidated financial statements for the year ended December 31, 2016, except as described below. The interim financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements have been set out in note 2 of the Company's consolidated financial statements for the year ended December 31, 2016. These interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016, which are included in the Company's 2016 annual report.

The accompanying interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

References to "$" are to U.S. dollars and references to "C$" are to Canadian dollars.

Changes in accounting policy

Effective January 1, 2017, the Company prospectively adopted the amendments to IFRS 2, *Classification and Measurement of Share-based Payment Transactions*. The amendments clarified the accounting for (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

- Upon adoption on January 1, 2017, the Company reclassified $152 million of withholding tax obligations for share-based payments from liabilities to equity.
- The Company is no longer applying mark-to-market accounting on share-based payment transactions with a net settlement feature for withholding tax obligations. The impact was not material to the consolidated income statement and had no impact on the consolidated statement of cash flow for the three and nine months ended September 30, 2017.

Note 2: Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are effective for accounting periods beginning on or after January 1, 2017. Many of these updates are not applicable or consequential to the Company and have been excluded from the discussion below.

Pronouncements effective for annual periods beginning January 1, 2018:

IFRS 15	*Revenue from Contracts with Customers*	IFRS 15 is the culmination of a joint project between the IASB and the Financial Accounting Standards Board, the accounting standard setter in the U.S., to create a single revenue standard. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard moves away from a revenue recognition model based on an earnings process to an approach that is based on transfer of control of a good or service to a customer. Additionally, the new standard requires disclosures as to the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers. The Company expects that the standard will not have a material impact on its consolidated income, cash flow or financial position. The Company derives the majority of its revenues from selling electronic content and services on a subscription basis, and such revenue will continue to be recognized ratably over the term of the subscription under IFRS 15. The Company will make the following changes as a consequence of adopting IFRS 15, but these changes are not expected to have a material impact on its consolidated financial statements. • Revenue for certain term licenses of intellectual property will be recognized at the time control is transferred to the customer, rather than over the license term. • Certain contingent payouts will be recognized as a reduction of revenue, rather than as expense. • Management expects to defer additional commission expense for sales employees of approximately $150 million, and to amortize a substantial portion of these deferrals over three years. The Company will adopt the standard using the modified retrospective method. As such, the cumulative effect of adoption will be recognized as an adjustment to the opening balance of retained earnings. Prior-year period amounts will not be adjusted. The Company will provide additional disclosures as required by the new standard beginning with the first quarter of 2018. Management does not expect material changes to its business processes and controls to support recognition and disclosure under the new standard. The Company's assessment remains subject to change, as it will continue to evaluate the new guidance through the adoption date.
IFRS 9	*Financial Instruments*	IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement*. The new standard addresses classification and measurement, impairment and hedge accounting, and expands financial instrument related disclosures. *Classification and measurement* The new standard requires the classification of financial assets based on business model and cash flow characteristics measured at either (a) amortized cost; (b) fair value through profit or loss; or (c) fair value through other comprehensive income or loss. For financial liabilities, the standard retains most of the IAS 39 requirements, but where the fair value option is taken, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income or loss rather than the income statement. *Impairment* Under the forward looking impairment model, expected credit losses are recognized as soon as a financial asset is originated or purchased, rather than waiting for a trigger event to record a loss.

		Hedge accounting The new standard more closely aligns hedge accounting with an entity's risk management activities. Specifically, the new standard (a) no longer requires the use of a specific quantitative threshold to determine if the hedging relationship is highly effective in order to qualify for hedge accounting; (b) removes restrictions that prevented some economically rational hedging strategies from qualifying for hedge accounting; and (c) allows purchased options, forwards and non-derivative financial instruments to be hedging instruments in applicable circumstances. IFRS 9 shall be applied retrospectively to each period presented, subject to the various transition provisions within IFRS 9. The Company does not expect a material impact from the adoption of this standard on its consolidated income, cash flow and financial position. The Company is assessing the impact on its disclosures.
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*	IFRIC 22 clarifies the exchange rate to be used upon recognition of an asset, liability, expense or income in situations when a related advanced payment is disbursed or received. The Company does not expect IFRIC 22 to have a material impact on its consolidated financial statements.

Pronouncements effective for annual periods beginning January 1, 2019:

IFRS 16	*Leases*	IFRS 16 introduces a single lease accounting model, eliminating the existing distinction between operating and finance leases for lessees. The standard requires a lessee to recognize right-of-use assets and lease liabilities on the statement of financial position for almost all leases having a term of more than 12 months. The Company is reviewing its lease portfolio to evaluate the impact of the standard and is considering changes to its processes and internal controls, including the implementation of a new lease accounting system in 2018. The Company continues to consider whether to apply the retrospective or modified retrospective adoption method. While the assessment of the adoption impact is ongoing, the Company preliminarily expects that IFRS 16 will result in a material increase to assets and liabilities. For reference, the Company's future aggregate minimum lease payments under non-cancellable operating leases were approximately $1.5 billion at December 31, 2016 (see note 28 to the consolidated financial statements for the year then ended). While the Company also expects a material impact from the reclassification of lease expense from operating expenses to depreciation and interest expense, it does not expect a material impact to net earnings. There will be no impact on consolidated cash flows, however, cash flows from operating activities will increase as cash payments from the principal portion of lease obligations are reclassified to cash flows from financing activities.
IFRIC 23	*Uncertainty over Income Tax Treatments*	IFRIC 23 adds to the requirements of IAS 12, *Income Taxes*, by specifying how to reflect the effects of uncertainty in the accounting for income taxes. An uncertainty arises when it is unclear how a tax law applies to a particular transaction, or whether a taxation authority will accept a company's tax treatment. The Company is assessing the impact of IFRIC 23 on its consolidated financial statements.

Note 3: Segment Information

The Company is organized as three reportable segments reflecting how the businesses are managed: Financial & Risk, Legal and Tax & Accounting. The accounting policies applied by the segments are the same as those applied by the Company. Results from the Reuters News business are excluded from reportable segments as they do not qualify as a component of the Company's three reportable segments, nor as a separate reportable segment. The reportable segments offer products and services to target markets as described below.

Financial & Risk

The Financial & Risk segment is a provider of critical news, information and analytics, enabling transactions and connecting communities of trading, investment, financial and corporate professionals. Financial & Risk also provides regulatory and operational risk management solutions.

Legal

The Legal segment is a provider of critical online and print information, decision tools, software and services that support legal, investigation, business and government professionals around the world.

Tax & Accounting

The Tax & Accounting segment is a provider of integrated tax compliance and accounting information, software and services for professionals in accounting firms, corporations, law firms and government.

The Company also reports "Corporate & Other", which includes expenses for corporate functions and the results of the Reuters News business. Neither Corporate & Other nor the Reuters News business qualify as a component of another reportable segment nor as a separate reportable segment.

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Revenues				
Financial & Risk	**1,542**	1,516	**4,561**	4,549
Legal	**843**	835	**2,509**	2,503
Tax & Accounting	**341**	323	**1,108**	1,036
Corporate & Other (Reuters News)	**73**	73	**221**	227
Eliminations	**(7)**	(3)	**(10)**	(9)
Consolidated revenues	**2,792**	2,744	**8,389**	8,306
Adjusted EBITDA				
Financial & Risk	**495**	460	**1,435**	1,340
Legal	**338**	328	**965**	936
Tax & Accounting	**95**	87	**339**	283
Corporate & Other (includes Reuters News)	**(79)**	(61)	**(176)**	(240)
Adjusted EBITDA	**849**	814	**2,563**	2,319
Fair value adjustments (see note 5)	**(53)**	(34)	**(171)**	(77)
Depreciation	**(73)**	(78)	**(222)**	(239)
Amortization of computer software	**(171)**	(177)	**(519)**	(518)
Amortization of other identifiable intangible assets	**(115)**	(128)	**(354)**	(388)
Other operating gains (losses), net	**30**	(12)	**13**	(1)
Consolidated operating profit	**467**	385	**1,310**	1,096
Net interest expense	**(84)**	(108)	**(272)**	(304)
Other finance costs	**(58)**	(3)	**(176)**	(28)
Share of post-tax earnings (losses) in equity method investments	**2**	2	**(3)**	2
Tax benefit (expense)	**22**	(8)	**8**	16
Earnings from continuing operations	**349**	268	**867**	782

In accordance with IFRS 8, *Operating Segments*, the Company discloses certain information about its reportable segments based upon measures used by management in assessing the performance of those reportable segments. These measures are defined below and may not be comparable to similar measures of other companies.

In 2017, management changed the profitability measure that it uses to assess the performance of its reportable segments from segment operating profit, which it no longer uses, to adjusted EBITDA. These profitability measures are the same, except that adjusted EBITDA excludes depreciation of fixed assets and amortization of computer software. Management uses a number of measures to assess the performance of its segments internally. Adjusted EBITDA is reported externally, as it represents the internal profitability measure most closely aligned with the measurement of the consolidated income statement.

Adjusted EBITDA

- Adjusted EBITDA represents earnings from continuing operations before tax expense or benefit, net interest expense, other finance costs or income, depreciation, amortization of software and other identifiable intangible assets, the Company's share of post-tax earnings or losses in equity method investments, other operating gains and losses, certain asset impairment charges, fair value adjustments and corporate related items.
- The Company does not consider these excluded items to be controllable operating activities for purposes of assessing the current performance of the reportable segments.
- Each segment includes an allocation of costs for centralized support services such as technology, editorial, real estate and certain global transaction processing functions that are based on usage or other applicable measures.

Note 4: Seasonality

The Company's revenues and operating profit on a consolidated basis do not tend to be significantly impacted by seasonality as it records a large portion of its revenues ratably over a contract term and its costs are generally incurred evenly throughout the year. However, the Company's performance from quarter to consecutive quarter can be impacted by transactions revenues as well as by the release of certain print-based offerings, which tend to be concentrated at the end of the year. As a consequence, the results of certain of the Company's segments can be impacted by seasonality to a greater extent than its consolidated results.

Note 5: Operating Expenses

The components of operating expenses include the following:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Salaries, commissions and allowances	**969**	992	**2,933**	3,055
Share-based payments	**23**	29	**68**	80
Post-employment benefits	**59**	63	**183**	188
Total staff costs	**1,051**	1,084	**3,184**	3,323
Goods and services(1)	**494**	452	**1,485**	1,461
Data	**211**	206	**619**	630
Telecommunications	**82**	96	**260**	298
Real estate	**105**	92	**278**	275
Fair value adjustments(2)	**53**	34	**171**	77
Total operating expenses	**1,996**	1,964	**5,997**	6,064

(1) Goods and services include professional fees, consulting and outsourcing services, contractors, selling and marketing, and other general and administrative costs.

(2) Fair value adjustments primarily represent mark-to-market impacts on embedded derivatives. In 2016, fair value adjustments also included the mark-to-market impacts on certain share-based awards. Refer to note 1 regarding the adoption of IFRS 2 amendments in 2017.

Note 6: Other Operating Gains (Losses), Net

Other operating gains (losses), net, were $30 million and $(12) million for the three months ended September 30, 2017 and 2016, respectively, and $13 million and $(1) million for the nine months ended September 30, 2017 and 2016, respectively. The 2017 periods included a gain from the sale of a portion of an investment.

Note 7: Finance Costs, Net

The components of finance costs, net, include interest expense (income) and other finance costs (income) as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Interest expense:				
Debt	**82**	88	**244**	256
Derivative financial instruments - hedging activities	**-**	1	**4**	4
Other, net	**(5)**	6	**5**	8
Fair value (gains) losses on financial instruments:				
Cash flow hedges, transfer from equity	**(53)**	16	**(97)**	(74)
Net foreign exchange losses (gains) on debt	**53**	(16)	**97**	74
Net interest expense - debt and other	**77**	95	**253**	268
Net interest expense - pension and other post-employment benefit plans	**8**	14	**24**	40
Interest income	**(1)**	(1)	**(5)**	(4)
Net interest expense	**84**	108	**272**	304

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Net losses (gains) due to changes in foreign currency exchange rates	**50**	(6)	**143**	(22)
Net losses on derivative instruments	**8**	9	**33**	50
Other finance costs	**58**	3	**176**	28

Net losses (gains) due to changes in foreign currency exchange rates

Net losses (gains) due to changes in foreign currency exchange rates were principally comprised of amounts related to certain intercompany funding arrangements.

Net losses on derivative instruments

Net losses on derivative instruments were principally comprised of amounts relating to foreign exchange contracts.

Note 8: Taxation

Tax (benefit) expense was $(22) million and $8 million for the three months ended September 30, 2017 and 2016, respectively, and $(8) million and $(16) million for the nine months ended September 30, 2017 and 2016, respectively. The three and nine months ended September 30, 2017 were favorably impacted by the reversal of tax reserves in connection with favorable developments regarding tax disputes. The tax (benefit) expense in each period reflected the mix of taxing jurisdictions in which pre-tax profits and losses were recognized. Because the geographical mix of pre-tax profits and losses in interim periods may be different from that for the full year, tax expense or benefit in interim periods is not necessarily indicative of tax expense for the full year.

Note 9: Discontinued Operations

Discontinued operations includes the results of the Company's former Intellectual Property & Science business, which was sold in October 2016. The 2017 period includes residual expenses that were borne by the Company following the closing of the Intellectual Property & Science sale, as well as the refinement of earlier estimates related to the sale.

Earnings from discontinued operations are summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Revenues	**-**	233	**-**	704
Expenses	**(1)**	(212)	**(6)**	(557)
(Loss) earnings from discontinued operations before income tax	**(1)**	21	**(6)**	147
Tax benefit (expense) on earnings from discontinued operations[(1)]	**1**	(3)	**2**	(21)
Earnings (loss) from discontinued operations after income tax	**-**	18	**(4)**	126
(Loss) gain on sale of discontinued operations	**(1)**	-	**5**	-
(Loss) earnings from discontinued operations, net of tax	**(1)**	18	**1**	126

(1) Includes a $16 million tax benefit in the nine months ended September 30, 2016, that reflected the Company's estimate of the net deferred tax asset it expected to realize in connection with the sale of its Intellectual Property & Science business.

Note 10: Earnings Per Share

Basic earnings per share was calculated by dividing earnings attributable to common shareholders less dividends declared on preference shares by the sum of the weighted-average number of common shares outstanding and vested deferred share units ("DSUs") outstanding during the period. DSUs represent common shares that certain employees have elected to receive in the future upon vesting of share-based compensation awards or in lieu of cash compensation.

Diluted earnings per share was calculated using the denominator of the basic calculation described above adjusted to include the potentially dilutive effect of outstanding stock options and time-based restricted share units ("TRSUs").

Earnings used in determining consolidated earnings per share and earnings per share from continuing operations are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Earnings attributable to common shareholders	**330**	273	**819**	872
Less: Dividends declared on preference shares	**(1)**	(1)	**(2)**	(2)
Earnings used in consolidated earnings per share	**329**	272	**817**	870
Less: Loss (earnings) from discontinued operations, net of tax	**1**	(18)	**(1)**	(126)
Earnings used in earnings per share from continuing operations	**330**	254	**816**	744

The weighted-average number of common shares outstanding, as well as a reconciliation of the weighted-average number of common shares outstanding used in the basic earnings per share computation to the weighted-average number of common shares outstanding used in the diluted earnings per share computation, is presented below:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Weighted-average number of common shares outstanding	**714,822,823**	743,286,632	**720,506,572**	751,589,786
Weighted-average number of vested DSUs	**709,946**	652,470	**698,469**	636,699
Basic	**715,532,769**	743,939,102	**721,205,041**	752,226,485
Effect of stock options and TRSUs	**1,367,356**	1,833,109	**1,322,556**	1,690,114
Diluted	**716,900,125**	745,772,211	**722,527,597**	753,916,599

Note 11: Financial Instruments

Financial assets and liabilities

Financial assets and liabilities in the consolidated statement of financial position were as follows:

September 30, 2017	Cash, Trade and Other Receivables	Assets/ (Liabilities) at Fair Value through Earnings	Derivatives Used for Hedging	Available for Sale	Other Financial Liabilities	Total
Cash and cash equivalents	**898**	**-**	**-**	**-**	**-**	**898**
Trade and other receivables	**1,530**	**-**	**-**	**-**	**-**	**1,530**
Other financial assets - current	**81**	**25**	**-**	**-**	**-**	**106**
Other financial assets - non-current	**58**	**3**	**-**	**32**	**-**	**93**
Current indebtedness	**-**	**-**	**-**	**-**	**(1,723)**	**(1,723)**
Trade payables (see note 13)	**-**	**-**	**-**	**-**	**(252)**	**(252)**
Accruals (see note 13)	**-**	**-**	**-**	**-**	**(1,404)**	**(1,404)**
Other financial liabilities - current(1)	**-**	**(50)**	**-**	**-**	**(265)**	**(315)**
Long-term indebtedness	**-**	**-**	**-**	**-**	**(5,383)**	**(5,383)**
Other financial liabilities - non current	**-**	**(31)**	**(253)**	**-**	**(1)**	**(285)**
Total	**2,567**	**(53)**	**(253)**	**32**	**(9,028)**	**(6,735)**

(1) Includes a commitment to repurchase up to $185 million of shares related to the Company's pre-defined plan with its broker to repurchase the Company's shares. See note 15.

December 31, 2016	Cash, Trade and Other Receivables	Assets/ (Liabilities) at Fair Value through Earnings	Derivatives Used for Hedging	Available for Sale	Other Financial Liabilities	Total
Cash and cash equivalents	2,368	-	-	-	-	2,368
Trade and other receivables	1,392	-	-	-	-	1,392
Other financial assets - current	67	121	-	-	-	188
Other financial assets - non-current	53	47	-	35	-	135
Current indebtedness	-	-	-	-	(1,111)	(1,111)
Trade payables (see note 13)	-	-	-	-	(311)	(311)
Accruals (see note 13)	-	-	-	-	(1,517)	(1,517)
Other financial liabilities - current	-	(34)	-	-	(68)	(102)
Long-term indebtedness	-	-	-	-	(6,278)	(6,278)
Other financial liabilities - non current	-	(12)	(327)	-	(1)	(340)
Total	3,880	122	(327)	35	(9,286)	(5,576)

Cash and cash equivalents

Of total cash and cash equivalents, $119 million and $112 million at September 30, 2017 and December 31, 2016, respectively, were held in subsidiaries which have regulatory restrictions, contractual restrictions or operate in countries where exchange controls and other legal restrictions apply and were therefore not available for general use by the Company.

Debt-related activity

The following table provides information regarding notes that the Company issued and repaid in the nine months ended September 30, 2017 and 2016:

MONTH/YEAR	TRANSACTION	PRINCIPAL AMOUNT (IN MILLIONS)
	Notes issued	
May 2016	3.35% Notes, due 2026	US$500
	Notes repaid	
September 2017	1.65% Notes, due 2017	US$550
February 2017	1.30% Notes, due 2017	US$550
May 2016	0.875% Notes, due 2016	US$500

The February 2017 notes were repaid principally from cash on hand, which included a portion of the proceeds from the sale of the Intellectual Property & Science business. The September 2017 notes were repaid principally from cash on hand. The Company used the net proceeds of its May 2016 debt issuance to repay the notes which matured that same month.

Under its commercial paper programs, the Company may issue up to $2.0 billion of notes. At September 30, 2017, current indebtedness included $705 million of outstanding commercial paper within the consolidated statement of financial position.

The Company has a $2.4 billion credit facility agreement which matures in November 2021. The facility may be utilized to provide liquidity for general corporate purposes (including support for its commercial paper programs). There were no borrowings under the credit facility during the nine months ended September 30, 2017.

Fair Value

The fair values of cash, trade and other receivables, trade payables and accruals approximate their carrying amounts because of the short-term maturity of these instruments. The fair value of long-term debt and related derivative instruments is set forth below.

Debt and Related Derivative Instruments

Carrying Amounts

Amounts recorded in the consolidated statement of financial position are referred to as "carrying amounts". The carrying amounts of primary debt are reflected in "Long-term indebtedness" and "Current indebtedness" and the carrying amounts of derivative instruments are included in "Other financial assets" and "Other financial liabilities", both current and non-current in the consolidated statement of financial position, as appropriate.

Fair Value

The fair value of debt is estimated based on either quoted market prices for similar issues or current rates offered to the Company for debt of the same maturity. The fair value of interest rate swaps are estimated based upon discounted cash flows using applicable current market rates and taking into account non-performance risk.

The following is a summary of debt and related derivative instruments that hedge the cash flows of the debt:

	Carrying Amount		Fair Value	
September 30, 2017	**Primary Debt Instruments**	**Derivative Instruments Liability**	**Primary Debt Instruments**	**Derivative Instruments Liability**
Bank and other	**16**	**-**	**19**	**-**
Commercial paper	**705**	**-**	**705**	**-**
C$500, 3.369% Notes, due 2019	**399**	**76**	**407**	**76**
C$750, 4.35% Notes, due 2020	**598**	**132**	**633**	**132**
C$550, 3.309% Notes, due 2021	**438**	**45**	**451**	**45**
$1,000, 6.50% Notes, due 2018	**999**	**-**	**1,036**	**-**
$500, 4.70% Notes, due 2019	**499**	**-**	**524**	**-**
$350, 3.95% Notes, due 2021	**348**	**-**	**365**	**-**
$600, 4.30% Notes, due 2023	**596**	**-**	**641**	**-**
$450, 3.85% Notes, due 2024	**447**	**-**	**468**	**-**
$500, 3.35% Notes, due 2026	**495**	**-**	**499**	**-**
$350, 4.50% Notes, due 2043	**341**	**-**	**353**	**-**
$350, 5.65% Notes, due 2043	**341**	**-**	**411**	**-**
$400, 5.50% Debentures, due 2035	**394**	**-**	**444**	**-**
$500, 5.85% Debentures, due 2040	**490**	**-**	**587**	**-**
Total	**7,106**	**253**	**7,543**	**253**
Current portion	**1,723**	**-**		
Long-term portion	**5,383**	**253**		

	Carrying Amount		Fair Value	
December 31, 2016	**Primary Debt Instruments**	**Derivative Instruments Liability**	**Primary Debt Instruments**	**Derivative Instruments Liability**
Bank and other	9	-	13	-
C$500, 3.369% Notes, due 2019	372	99	386	99
C$750, 4.35% Notes, due 2020	557	163	601	163
C$550, 3.309% Notes, due 2021	408	65	426	65
$550, 1.30% Notes, due 2017	549	-	550	-
$550, 1.65% Notes, due 2017	549	-	550	-
$1,000, 6.50% Notes, due 2018	998	-	1,067	-
$500, 4.70% Notes, due 2019	499	-	528	-
$350, 3.95% Notes, due 2021	348	-	361	-
$600, 4.30% Notes, due 2023	595	-	625	-
$450, 3.85% Notes, due 2024	446	-	454	-
$500, 3.35% Notes, due 2026	494	-	481	-
$350, 4.50% Notes, due 2043	341	-	325	-
$350, 5.65% Notes, due 2043	341	-	378	-
$400, 5.50% Debentures, due 2035	394	-	424	-
$500, 5.85% Debentures, due 2040	489	-	544	-
Total	7,389	327	7,713	327
Current portion	1,111	-		
Long-term portion	6,278	327		

Fair value estimation

The following fair value measurement hierarchy is used for financial instruments that are measured in the consolidated statement of financial position at fair value:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The levels used to determine fair value measurements for those instruments carried at fair value in the consolidated statement of financial position are as follows:

September 30, 2017	Level 1	Level 2	Level 3	Total Balance
Assets				
Embedded derivatives(1)	-	20	-	20
Forward exchange contracts(2)	-	8	-	8
Financial assets at fair value through earnings	-	28	-	28
Available for sale investments(3)	7	25	-	32
Total assets	7	53	-	60
Liabilities				
Embedded derivatives(1)	-	(59)	-	(59)
Forward exchange contracts(2)	-	(22)	-	(22)
Financial liabilities at fair value through earnings	-	(81)	-	(81)
Derivatives used for hedging(4)	-	(253)	-	(253)
Total liabilities	-	(334)	-	(334)

December 31, 2016	Level 1	Level 2	Level 3	Total Balance
Assets				
Embedded derivatives(1)	-	140	-	140
Forward exchange contracts(2)	-	28	-	28
Financial assets at fair value through earnings	-	168	-	168
Available for sale investments(3)	7	28	-	35
Total assets	7	196	-	203
Liabilities				
Embedded derivatives(1)	-	(24)	-	(24)
Forward exchange contracts(2)	-	(20)	-	(20)
Contingent consideration(5)	-	-	(2)	(2)
Financial liabilities at fair value through earnings	-	(44)	(2)	(46)
Derivatives used for hedging(4)	-	(327)	-	(327)
Total liabilities	-	(371)	(2)	(373)

(1) Largely related to U.S. dollar pricing of customer agreements by subsidiaries outside of the U.S.

(2) Used to manage foreign exchange risk on cash flows excluding indebtedness.

(3) Investments in entities over which the Company does not have control, joint control or significant influence.

(4) Comprised of fixed-to-fixed cross-currency swaps on indebtedness.

(5) Obligations to pay additional consideration for prior acquisitions, based upon performance measures contractually agreed at the time of purchase.

The Company recognizes transfers into and out of the fair value measurement hierarchy levels at the end of the reporting period in which the event or change in circumstances that caused the transfer occurred. There were no transfers between hierarchy levels for the nine months ended September 30, 2017.

Valuation Techniques

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of cross-currency interest rate swaps and forward foreign exchange contracts is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- the fair value of contingent consideration is calculated based on estimates of future revenue performance.

Note 12: Other Non-Current Assets

	September 30,	December 31,
	2017	2016
Net defined benefit plan surpluses	**54**	18
Cash surrender value of life insurance policies	**298**	288
Equity method investments	**168**	163
Other non-current assets	**76**	68
Total other non-current assets	**596**	537

Note 13: Payables, Accruals and Provisions

	September 30,	December 31,
	2017	2016
Trade payables	**252**	311
Accruals	**1,404**	1,517
Provisions	**150**	273
Other current liabilities	**413**	347
Total payables, accruals and provisions	**2,219**	2,448

Note 14: Provisions and Other Non-Current Liabilities

	September 30,	December 31,
	2017	2016
Net defined benefit plan obligations(1)	**939**	1,417
Deferred compensation and employee incentives	**157**	235
Provisions	**118**	140
Uncertain tax positions	**322**	298
Other non-current liabilities	**144**	168
Total provisions and other non-current liabilities	**1,680**	2,258

(1) In 2017, the Company contributed $500 million to its Thomson Reuters Group Pension Plan.

Note 15: Capital

Share repurchases

The Company may buy back shares (and subsequently cancel them) from time to time as part of its capital strategy. In May 2017, the Company renewed its normal course issuer bid (“NCIB”) for an additional 12 months. Under the renewed NCIB, the Company may repurchase up to 36 million common shares between May 30, 2017 and May 29, 2018 in open market transactions on the TSX, the NYSE and/or other exchanges and alternative trading systems, if eligible, or by such other means as may be permitted by the TSX and/or NYSE or under applicable law, including private agreement purchases if the Company receives an issuer bid exemption order from applicable securities regulatory authorities in Canada for such purchases. In the nine months ended September 30, 2017, the Company privately repurchased 6.0 million common shares (2016 - 4.1 million common shares) at a discount to the then-prevailing market price.

Details of share repurchases were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Share repurchases (millions of U.S. dollars)	**230**	542	**808**	1,232
Shares repurchased (millions)	**5.0**	13.2	**18.5**	31.2
Share repurchases - average price per share	**$46.03**	$41.40	**$43.60**	$39.56

Decisions regarding any future repurchases will depend on factors such as market conditions, share price, and other opportunities to invest capital for growth. The Company may elect to suspend or discontinue its share repurchases at any time, in accordance with applicable laws. From time to time when the Company does not possess material nonpublic information about itself or its securities, it may enter into a pre-defined plan with its broker to allow for the repurchase of shares at any time, including periods when the Company ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with the Company's broker will be adopted in accordance with applicable Canadian securities laws and the requirements of Rule 10b5-1 under the U.S. Securities Exchange Act of 1934, as amended. On August 22, 2017, the Company entered into such a plan with its broker to repurchase $279 million of shares over a four-month period ending on December 22, 2017. In connection with the remaining portion of this plan, the Company recorded a $185 million liability in "Other financial liabilities" within current liabilities at September 30, 2017 with a corresponding amount recorded in equity in the consolidated statement of financial position.

Dividends

Dividends on common shares are declared in U.S. dollars. In the consolidated statement of cash flow, dividends paid on common shares are shown net of amounts reinvested in the Company under its dividend reinvestment plan. Details of dividends declared per share and dividends paid on common shares are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Dividends declared per common share	**$0.345**	$0.34	**$1.035**	$1.02
Dividends declared	**246**	252	**746**	766
Dividends reinvested	**(9)**	(9)	**(26)**	(26)
Dividends paid	**237**	243	**720**	740

Note 16: Supplemental Cash Flow Information

Details of "Other" in the consolidated statement of cash flow are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Non-cash employee benefit charges	**61**	72	**188**	222
Fair value adjustments	**53**	34	**171**	77
Net losses on foreign exchange and derivative financial instruments	**57**	7	**177**	28
Other	**(7)**	16	**65**	27
	164	129	**601**	354

Details of "Changes in working capital and other items" are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Trade and other receivables	**34**	83	**(76)**	70
Prepaid expenses and other current assets	**20**	14	**(18)**	(46)
Other financial assets	**3**	(5)	**40**	26
Payables, accruals and provisions	**116**	49	**(324)**	(143)
Deferred revenue	**(116)**	(100)	**(63)**	(103)
Other financial liabilities	**(6)**	(6)	**(51)**	(48)
Income taxes	**81**	24	**80**	(11)
Other[(1)]	**(35)**	(22)	**(94)**	(89)
	97	37	**(506)**	(344)

(1) Includes $(13) million (2016 - $(18) million) and $(60) million (2016 - $(69) million) related to employee benefit plans for the three and nine months ended September 30, 2017 and 2016, respectively.

Details of income taxes paid are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	**2017**	2016
Operating activities - continuing operations	**(43)**	(31)	**(116)**	(120)
Operating activities - discontinued operations	**-**	(29)	**-**	(38)
Investing activities - discontinued operations	**-**	-	**17**	-
Total income taxes paid	**(43)**	(60)	**(99)**	(158)

Note 17: Acquisitions

Acquisitions primarily comprise the purchase of businesses that are integrated into existing operations to broaden the Company's range of offerings to customers as well as its presence in global markets.

Acquisition activity

The number of acquisitions completed, and the related total consideration, were as follows:

	Nine months ended September 30,	
Number of transactions	**2017**	2016
Businesses acquired	**3**	4
Investments in businesses	**1**	2
	4	6

	Three months ended September 30,		Nine months ended September 30,	
Total consideration	**2017**	2016	**2017**	2016
Businesses acquired	**1**	-	**214**	110
Less: Cash acquired	**-**	-	**(7)**	-
Businesses acquired, net of cash	**1**	-	**207**	110
Investments in businesses	**-**	-	**5**	1
	1	-	**212**	111
Consideration comprised of:				
Cash consideration	**1**	-	**184**	111
Non-cash consideration(1)	**-**	-	**28**	-
	1	-	**212**	111

(1) Represents future services that the Company will provide to the seller, which was recorded in "Deferred revenue" within the consolidated statement of financial position.

The following provides a brief description of a certain acquisition completed during the nine months ended September 30, 2017:

Date	Company	Acquiring Segment	Description
January 2017	REDI	Financial & Risk	A provider of a cross-asset trade execution management system for financial professionals.

Purchase price allocation

Each business combination has been accounted for using the acquisition method. The results of acquired businesses are included in the consolidated financial statements from the dates of acquisition. Purchase price allocations related to certain acquisitions may be subject to adjustment pending completion of final valuations.

The details of net assets acquired were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017[(1)]	2016[(1)]	**2017**	2016
Cash and cash equivalents	**-**	-	**7**	-
Trade receivables	**-**	(2)	**9**	9
Prepaid expenses and other current assets	**-**	-	**5**	3
Current assets	**-**	(2)	**21**	12
Computer hardware and other property	**-**	-	**6**	-
Computer software	**(4)**	(1)	**21**	19
Other identifiable intangible assets	**(18)**	(2)	**54**	33
Other financial assets	**-**	1	**-**	1
Other non-current assets	**1**	-	**1**	-
Deferred tax	**5**	-	**20**	-
Total assets	**(16)**	(4)	**123**	65
Current indebtedness	**-**	-	**(1)**	-
Payables and accruals	**-**	-	**(25)**	(4)
Deferred revenue	**(3)**	-	**(8)**	(10)
Current liabilities	**(3)**	-	**(34)**	(14)
Deferred tax	**(4)**	-	**(4)**	(2)
Total liabilities	**(7)**	-	**(38)**	(16)
Net assets acquired	**(23)**	(4)	**85**	49
Goodwill	**24**	4	**129**	61
Total	**1**	-	**214**	110

(1) The three months ended September 30, 2017 and 2016 include valuation adjustments for acquisitions that closed in the first half of the year.

The excess of the purchase price over the net tangible and identifiable intangible assets acquired and assumed liabilities was recorded as goodwill and reflects synergies and the value of the acquired workforce. The majority of goodwill for acquisitions completed in 2017 and 2016 is not expected to be deductible for tax purposes.

Acquisition transactions were completed by acquiring all equity interests or the net assets of the acquired business.

Other

The revenues and operating profit of acquired businesses since the date of acquisition were not material to the Company's results of operations.

Note 18 Contingencies

Lawsuits and legal claims

The Company is engaged in various legal proceedings, claims, audits and investigations that have arisen in the ordinary course of business. These matters include, but are not limited to, employment matters, commercial matters, defamation claims and intellectual property infringement claims. The outcome of all of the matters against the Company is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Company's financial condition taken as a whole.

Uncertain tax positions

The Company is subject to taxation in numerous jurisdictions and is routinely under audit by many different taxing authorities in the ordinary course of business. There are many transactions and calculations during the course of business for which the ultimate tax determination is uncertain, as taxing authorities may challenge some of the Company's positions and propose adjustments or changes to its tax filings.

As a result, the Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk. These provisions are made using the Company's best estimates of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of each reporting period and adjusts them based on changing facts and circumstances. Due to the uncertainty associated with tax audits, it is possible that at some future date, liabilities resulting from such audits or related litigation could vary significantly from the Company's provisions. However, based on currently enacted legislation, information currently known by the Company and after consultation with outside tax advisors, management believes that the ultimate resolution of any such matters, individually or in the aggregate, will not have a material adverse impact on the Company's financial condition taken as a whole.

In June 2016, certain U.S. subsidiaries received a statutory notice of deficiency from the Internal Revenue Service (IRS) for the 2010 and 2011 tax years. In the notice, the IRS claimed that the taxable income of these subsidiaries should have been increased by an amount that would have created an aggregate potential additional income tax liability of approximately $250 million for the period, including interest. The IRS claim related to the Company's intercompany transfer pricing practices. In October 2017, the Company settled this claim resulting in approximately $15 million in tax and interest. The settlement did not have a material impact on the Company's consolidated financial statements.

Note 19: Related Party Transactions

As of September 30, 2017, Woodbridge beneficially owned approximately 63% of the Company's shares.

There were no new significant related party transactions during the nine months ended September 30, 2017. Refer to "Related party transactions" disclosed in note 29 of the Company's consolidated financial statements for the year ended December 31, 2016, which are included in the Company's 2016 annual report, for information regarding related party transactions.

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